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East Europe Report

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EAST EUROPE REPORT

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AGRICULTURE INTERNATIONAL AFFAIRS

ROMANIAN JOURNAL REVIEWS DEVELOPMENT OF ALBANIAN AGRICULTURE

Bucharest REVISTA ECONOMICA in Romanian 29 Nov 85 p 28

[Article by Marilena Ivan, Institute of World Economics]

[Text] As early as in the first years after the country's liberation and the victory of the people's revolution -- 29 November 1944 -- Albania saw the move to implementing the agrarian reform, which represented one of the key measures of people's power in the stage involved. The development of the reform, in the context of the law adopted in 1945 by the National Liberation Antifascist Council, supplemented with a number of new provisions in 1946, led to the accomplishment of radical socioeconomic changes. The abolition of the class of big landowners (at the time of liberation 3 percent of the farms held 40 percent of arable areas), free land allotment to 70,000 families of poor peasants (45 percent of rural holdings) and provision of these families with livestock and agricultural implements created the premises for the subsequent development of the socialized sector, by the establishment of state agricultural enterprises and agricultural cooperatives.

Paralleling the building of the national industry, the development of Albanian agriculture during the period that followed liberation evinces the characteristics of gradual transition to the intensive stage. Moreover, the problems of development are tackled in an increasingly complex manner, with the efforts for the expansion of the technicomaterial base of agriculture being coupled, specifically in recent years, with measures to enhance the level of civilization in rural areas.

Under the specific conditions of relief in Albania, expansion of agricultural areas represented an essential factor for the whole development of agriculture. The investments made by the state and agricultural cooperatives for increasing the land resources, by completion of projects of clearing, soil improvement, terracing and building of drainage and irrigation systems brought about major results. In 1984, the cultivated area increased by a factor of 2.4 versus the level in 1938, and the irrigated area increased by a factor of 13.

Gradually as the possibilities for using additional areas for farming purposes are being exhausted, the emphasis has shifted to intensive utilization of existing areas, in both lowland and hilly areas. To this end, a special program for the development of agriculture during the 1981-1990 period has been put into application. In the first stage of implementation of the program, respectively under this five-year plan, important investment funds have been mobilized (about one-third of all planned investments) for the acceleration of the process of intensive development of agriculture. During the 1981-1984 period investments from state funds totalled about 2.18 billion leka, and those from production cooperatives, 2.5 billion leka.

The objectives of the programs for modernization of agriculture cover a very broad area of concerns: improvement of farmland, expansion of mechanization, better organization of plant and livestock production, application of results of scientific research, efforts for monitoring and increasing the economic efficiency of the activity in agriculture.

Among the above-mentioned matters, a major one involves conservation and enhancement of soil fertility. Despite the results obtained so far, there still are lands that are weakly fertile, acid, sandy, and the like, involving reserves in terms of increasing yields, provided the required improvement projects are completed at an accelerated rate and upon scientific bases. Conservation of the agricultural land supply is one of the priorities, because a tendency has been noted in terms of decrease in agricultural lands caused by erosion, landslides and unjustified withdrawal of some lands from agricultural use. As for ensuring, through irrigation and drainage projects, the moisture conditions, overall satisfactory solutions have been noted, however perfectible in light of the kind of crops.

The need for more rapid mechanization of agricultural operations stems primarily from the greater volume of work required by the increase in farm output. Under this five-year plan efforts have been made for better utlization of the existing fleet of machines, with measures also taken for introduction of new technical means.

In animal husbandry, the orientation toward intensive animal raising involves creation of the corresponding fodder base. Although positive results have been obtained, it is necessary to double or even treble the production of fodder crops and improve the structure in this cultivation. Creation of large animal husbandry complexes does not mean renunciation of use of natural pastures, whose utilization, however, also necessitates specific development projects.

Concentration and specialization of agricultural production by and large represents a significant orientation, assessed economically as advantageous and which involves both animal husbandry and vegetable crops. For instance, cotton growing is concentrated in only four districts, rice growing also in four districts

(versus eight a few years ago), and tobacco growing, in 13 districts (versus 20 previously). The above-mentioned process permits greater specialization of farm brigades, that now handle two to three crops, versus six to seven in previous years. In animal husbandry production is specialized according to the various species, through establishment of individual complexes for cattle, hogs, fowls, and according to the various products, by creation within the complexes, of specialized sectors, for instance, in milk, meat, egg and other productions.

In the process of development and intensive activity in agriculture an input in increase is provided by research and education units, directly involved in the endeavors to improve the technicomaterial base and survey the long-range issues of the entire agricultural sector.

The improvement in the standard of living of the population in rural areas also is a facet of the strategy of socioeconomic development of the country, which is in close correlation with the current and long-range objectives of agricultural development.

A report given at the June 1985 session of the People's Assembly of the Socialist People's Republic of Albania provides a number of facts and figures regarding the results obtained and the objectives proposed for the second half of this decade in the area of supply of food and manufactured goods to the agricultural population and in the area of housing construction and provision of sociocultural amenities in rural areas.

The volume of sales to the rural population (who account for two-thirds of the total population) in terms of foodstuffs and nonfood products went up between 1980 and 1985 by about 20 percent in the case of state trade units and 13 percent in the case of cooperative units. Provisions for the 1986-1990 Five-Year Plan involve increases ranging between 14-40 percent in sales of basic foodstuffs and major categories of industrial consumer goods, with the goal of having supplies rise at a decidedly higher rate than that of the increase in agricultural population.

In the first 4 years of this five-year plan there were built 27,000 individual dwellings, and for the personnel in state agricultural enterprises 4,700 apartments were put up. Annually the state allots large sums in the form of long-term credits for housing construction, specifically in hilly areas. The appropriation of about 100 million leka during the 1981-1985 period for creches, nurseries, schools, rural clubs and cafeterias located in villages also is a major contribution to the improvement of the standard of living of the peasantry.

Results of consistent efforts on a long-term basis, the development and modernization of agriculture enable this basic sector of Albanian economy, alongside of industry, to increase its input into meeting the domestic needs for raw materials and processed goods, and also into the creation of the fund of products for export.

The traditional Romanian-Albanian friendship and cooperation relations have continuously developed in the years of people's power, on the basis of observance of the principles of national independence and sovereignty, equal rights, noninterference in domestic affairs, and mutual benefit. There has been an increase in economic cooperation under this five-year plan, mirrored in the expansion of annual trade exchanges and in conclusion of agreements for broadening and diversifying bilateral economic cooperation.

11710
CSO: 2700/44

ECONOMY ALBANIA

LACK OF COOPERATION REDUCES IRON-NICKEL ORE PRODUCTION

Tirana ZERI I POPULLIT in Albanian 7 Nov 85 p 2

[Article by Kostaq Duka: "For Lack of a Thread and Needle...."]

[Text] As a consequence of the lack of cooperation in solving certain problems which disturb the progress of production, ways are kept open for the loss of responsibility and the burdening of the economy with overspending.

Iron-nickel ore is produced in Korce, responsibility is sought in Pogradec

In the Rehove mine in Korce District a quantity of iron-nickel ore is produced for export. But the middleman on the way to Durres where the iron-nickel is unloaded is the Guri i Kuq mine in Pogradec. The mine did not get this middleman duty by chance. Inasmuch as the iron-nickel which comes from Korce District has great qualitative value, it is mixed with that of Guri i Kuq to improve its characteristics. Up to here there is nothing wrong. The bad thing deals with the responsibility. Inasmuch as it is up to the Guri i Kuq mine to play the role of middleman, it must also bear full responsibility for the production of export item, not only the amount produced here but also the amount which the Rehove mine of Korce District must ship out.

Therefore, the iron-nickel mine of Guri i Kuq accounts for the iron-nickel which is produced in Korce (and sometimes the export is not credited to the Rehove mine). "That is a fact," they say in the planning ministry, "that's the way it is done. For the export item, for the whole quantity which is sent to Durres, you are responsible...." "Why do you not supply the export item?" This question is posed emphatically in the economic activities of the Pogradec district. "But look, we have fulfilled our task, but those comrades of Korce have not sent their quantities." These explanations of the heads of the Guri i Kuq mine are repeated from meeting to meeting.

And it is good that this call for an accounting takes place, but they don't have the address precisely. We say they don't have it precisely because of the fact that principally responsible in many cases is the Rehove mine in Korce District. But it was unintentionally saved from great embarrassment for an export item which luckily it does not report as such because it has left the reports to the Guri i Kuq mine. The heads of this mine have gone

to Korce several times, they have had discussions with the heads of the Rehove mine, with the participation of the workers of the two sections of the industry in the districts. They receive promises, but afterwards the trucks of the Korce auto park simply do not come. What happens? Korce District is among the districts noted for export. It has fulfilled and surpassed the tasks of this year. But how much would the non-realization of 1,584,000 leks foreign exchange burden the export plan of this district? This then is the value of the deficit which the Rehove mine has caused since the beginning of the year.

Is this deficit acknowledged in Korce district? It is acknowledged, but it is not treated with the strength which it would be treated with if it were valued as an export item, as it really is.

Therefore, we would have nothing bad, but only good if the Rehove mine would be responsible not only for the production plan and for the contracted tasks, but also for the export item.

For the Sake of Tradition

The workers of the sawmill are troubled, and with them, also, those of the packaging and production of chairs at the wood-processing enterprise in the district of Pogradec. They are not furnished periodically with lumber. Whose fault is it? Lumber is not lacking, it is produced in the sectors of the sawmills, but it waits at the railway station of Perrenjas. The transport is at fault, then. In following up this uneasiness of the workers we met with a practice like this. From the sectors of the sawmills in Uji i Ftohte and Bishnice, 25,000 cubic meters of lumber are sent to the wood-processing enterprises during the year. Of this amount 16,000 cubic meters pertain to the sawmill sector in Uji i Ftohte and only 9,000 to that of Bishnice. It happens like this. The 16,000 cubic meters from Uji i Ftohte are taken by automotive vehicles to the railway station of Perrenjas. The road from Uji i Ftohte to Perrenjas is 53 kilometers long, while there is another road which is 40 kilometers from Uji i Ftohte direct to the wood-processing enterprise. When you learn this, the question arises: Why not take the quantity produced in the Uji i Ftohte sector directly to the wood-processing enterprise, rather than travel over that road? Only for the sake of tradition? If the road is not suitable in the winter season, why not take advantage of it the rest of the year?

We have proposed this, they told us in the wood-processing enterprise. As far as we have heard the obstacles are presented by the Ministry of communications. A study we carried out shows that if not only the 16,000 cubic meters produced in Uji i Ftohte but also the 9,000 produced in Bishnice should all be transported directly with the motor pool vehicles, we would have an annual saving of 130,000 leks; at the points of loading and unloading ten fewer workers would work, and we would not have these delays. To take advantage of only 26 kilometers of railroad, the lumber is loaded and unloaded six times before reaching the wood-processing enterprise. Therefore, as the people say, "For lack of a thread and needle...."

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CSO: 2100/15

SHORTCOMINGS IN EFFORTS TO IMPROVE QUALITY OF CHROME

Tirana ZERI I POPULLIT in Albanian 26 Oct 85 p 2

[Article by Sami Milloshi: "Labyrinth of Excuses"]

[Text] Few attempts to concretely solve the problem of the averaging of chromium. The problem of the averaging of chromium ore is neither new nor unfamiliar for the two mines, Batre and Bulqize. Some time ago the mines, each by itself (in their own yards) accomplished the averaging of ore with the purpose of raising the quality of the product for export. Now there has appeared on the agenda, besides the averaging within each mine, also the averaging of the ore of the two mines. It is understood, this is a solution which transcends the narrow interests of each enterprise, therefore it is a solution of a great problem to the benefit of our economy as a whole. This purpose is served also by the special decision of recent times, a decision which the Ministry of Industry and Mines and also the export organs presently have in their hands as the producers of the ore. Up to this point all is in order. But the question arises: What is being done of a concrete nature for the averaging of chromium ore, therefore how is it understood and what measures are taken in all the links in order that, as the saying is, the work will run like a clock?

Actually, not only does the work not run like a clock, but it is not understood yet why it should run like that, not to mention the responsibility which each one has that no one "mechanism" of this "clock" should become a hindrance. Why do we say this? Here is a fact. On the account of the Batre mine "Mineraleksport" holds 6,000 tons of ore, only because this mine has not fulfilled by 1.5 hundred [as published] the task resulting from the decision about the quality of the ore. At "Mineraleksport" it is justly said that this mine must by all means provide the required quality of ore for averaging with the ore of Belqize. While in the Directorate of Mines at the Ministry of Industry and Mines there is another claim according to which, and because in this or that instance the quality is not provided, still the averaging can take place. "It can take place!" Certainly it can take place, but exactly who must do this averaging? And what is more, where? And for these questions you get quite a different answer both in the Ministry of Industry and Mines, also in "Mineraleksport."

"If it comes to us in our yards below the required quality, we do not do averaging nor is it up to us to do it," the director of "Mineraleskport" Niqifor Alikaj tells us. "Cranes cannot be used for small amounts of ore, but electric energy. Yes...." he continues.

Whereas in the Directorate of Mines at the Ministry of Industry and Mines, the director Frank Kroqi speaks to you with another language. "The enterprises of Foreign Trade do not agree that our men participate in evaluating the quality of chromium. They do not agree that a mixture be made of the Batre chromium with that of Bulqize, justifying this with the inaccurate analyses obtained from the material in the towers, etc., etc."

Who is right? What must be corrected so that this dropping of the relay-race baton of responsibility does not continue as much by the one as by the other? Naturally it is not so easy to make this or that organism guilty, but one thing is clearly understood. The fault remains an orphan because of narrow interests (from the producer on down to the others, so that each one comes out clean on his own account). They do not keep in mind what value, what effectiveness the implementation of the decision taken on the averaging of ore really has. When we say that narrow interests hinder, displays of ministerial bureaucracy, how do you say it, with this we have in mind that, though as we brought out, there are misunderstandings about solving concretely this or that problem, again listen to Niqifor Alikaj saying, "Nobody has come to us (Mineraleksport), to discuss what we are to do." Or, "You finish the regulation (the petition of "Mineraleksport" to the Ministry of Industry and Mines), afterwards let us talk." And as long as the problem remains unsolved, complaints about one another continue so much from one telephone to the other. Telephone consultations continue. "Why do you not mix the chromium in Lucan, but...." and "...listen, Sokol, (request to the director of the Directorate of Mines of the Ministry of Industry for Sokol Kabon, deputy director of "Mineraleksport"), tell Halik Hoxha that he is hindering us...." But in addition to these reciprocal admonitions by telephone, hope is not lacking. "But why, man, we are working for the one goal."

Nor is there a lack of the accounts which Franco Korqi keeps, according to which if work were done like this or like that, the economic effectiveness would be tens of thousands of leks foreign exchange, etc., etc. But who needs the slogans about the economic effectiveness of the averaging of ore, who needs these accounts, when in fact the matter has not been discussed openly by all the parties (beginning with the producer) in order to solve concretely with a creative spirit each misunderstanding there in the place where the averaging will be done. Those slogans, those complaints about one another on the telephone, as long as they leave the problem pending unsolved, are nothing other than bureaucratic procrastination harmful to the interests of the economy. If it is said, "But why man, we are working for the one goal," this must result in concrete efforts to resolve such problems. Who will do the averaging in the yard (wherever that is decided), the enterprises of the Ministry of Industry and Mines or

"Mineraleksport" (the discussion is always about occasions when the ore does not come up to the specified quality). Another question: Exactly how do we proceed in the averaging of the ore in the yard? All these problems are fully capable of being solved, if the producers and the directorates of the respective ministries would only discuss matters openly, and each retain full responsibility for whatever he must solve on the basis of the decision. And let all the basic organizations of the Party barricade themselves against the concepts and practices which nourish the narrow interests of the sector or the ministry, which only thrust the problem into the labyrinth of excuses.

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ELECTRICAL ENGINEERING INVESTMENT POLICY VIEWED

Prague PLANOVANE HOSPODARSTVI in Czech No 7, 1985 pp 70-76

[Article by Eng Elena Korenova, State Planning Commission: "Investment Policy in the Electrical Engineering Industry"]

[Text] Management of the electrical engineering industry department uses as a starting point the tasks and needs of its production, trade, and research structure corresponding to the requirements of the national economy and the development of socialist economic integration. Activities in the field of producing basic resources are also derived from this.

In application of investment policy, the department starts from the principles of the "Set of Measures To Improve Management of the Economy After 1980" and carries out the tasks laid out in "Main Directions for Economic and Social Development of the CSSR in the Years 1981-1985" approved at the 16th CPCZ Congress and the conclusions of the 10th CPCZ Central Committee Plenum on the tasks and development of engineering, electrical engineering, and the metallurgical industry after the 16th CPCZ Congress. The department directs the economic production units and subordinate enterprises to higher efficiency for the resources expended for capital construction, to more rapid returns on investments, to utilization of the results of science and technology, and to an orientation toward progressive modernization, rapid payback actions, and reconstruction.

The plan for capital construction for the Seventh 5-Year Plan created for the electrical engineering industry the conditions and space to ensure a more rapid rate of development and an improved make-up in accordance with the needs of the national economy and global trends. Despite the new conditions in the national economy at the beginning of the 1980's, twice as many investment resources were left to the department by law in the Seventh 5-Year Plan, with a production growth rate established at 36 to 42 percent, as were invested in the limited economic production units and organizations in the previous 5-year plan. A significant increase in the volume of work and deliveries created a favorable basis for gradually carrying out the designated tasks and for preparing for its further development in the next 5-year plan as well.

The orientation of the investments comes from the principles of intensive development in the production process, while respecting distributed investment actions and essential structural changes in the department's production base which are required by rapidly growing production. One must keep in mind that the electrical engineering industry department's production base was marked by an inadequate level of investment in the electronics fields in the fourth through sixth 5-Year Plans. It now has a large number of broken-down facilities and others which are not suitable for its needs and the tasks which are placed on the department.

Distribution of investments in the Seventh 5-Year Plan pursued the following intensification factors of the production process:

--the previously approved concept for the development of fields in the electrical engineering industry will be brought into accordance with the needs of the newly created department and of the national economy;

--the structural transformation of the production base will take place mainly through rebuilding and modernization and these forms of construction will take preference over new construction;

--the technical level and quality of the production base will be upgraded by application of R&D results and the purchase of licenses;

--the allocation of new developmental plans will be oriented toward areas with favorable developments in the labor force availability and increased attention will be paid to modernization and rebuilding to achieve maximum savings and better utilization of the labor force;

--particular attention will be paid to transforming the department's production base on the territory of the capital city of Prague;

--the development of the electrical engineering industry will be totally subordinated to the need for a definite strengthening of its anti-import and export capabilities;

--demands for importing machinery and equipment from nonsocialist countries will be minimized; the limits of DNU [hard currency credits] will be used first of all for specifically designated construction projects and those which provide exports to the USSR:

--imports of construction labor or construction professionals will not come into consideration;

--the use of steel construction designs will be reduced;

--greater efficiency will be achieved in investments; that is, there will be greater benefit from the products used and rationalization of fuel, energy, and raw materials consumption; better utilization will be made of the existing fixed assets and working more than one shift will be increased;

--the largest investment actions of the Seventh 5-Year Plan will be reevaluated from the viewpoint of their capital intensive nature, marketing secured, and demands for importing materials from nonsocialist countries and improving the efficiency (specifically this concerned a group of construction projects for the production of color picture tubes at the kraj enterprise Roznov Tesla for Kcs 1.4 billion and a group of construction projects for the production of asynchronous motors by MEZ in Mohelnice and Michalovce for Kcs 3.6 billion).

To implement the investment policy according to specific principles and tasks, the volume of work and deliveries was distributed into individual categories of investment construction in the following proportions: 31.4 percent of the construction work was designated for the development of buildings and construction projects. The volumes of construction work were derived from the intention of reducing the degree to which facilities are scattered, completing construction projects within the planned schedules, and with the construction projects already begun achieving savings in the first years at a level of about 10 percent of the overall budgeted expenses; 68.5 percent of the volume of work and deliveries was designated for the development of technology and machinery equipment and 49.5 percent for construction projects with budgeted costs over Kcs 2 million and 50.5 percent for construction projects with budgeted expenses up to Kcs 2 million, including machinery and equipment not included in the budget for the construction project. The limit on budgeted expenses [BE] for beginning new construction projects for the electrical engineering industry ensured significant development for the department.

Investments for construction projects with BE over Kcs 2 million were designated in particular to implement plans for the production of asynchronous motors, color television picture tubes, the development of electronics, automated control systems for technological processes, industrial robots and manipulators, medical equipment, tractor engines, and other construction projects.

The amount of the limit for construction projects with budgeted expenses up to Kcs 2 million, including machinery and equipment not included in the construction project budget, was established to ensure the importation of machinery and equipment for acquisition of computer equipment and machine tools and shaping tools to balance accounts; for measures providing savings in fuel, energy, and metals; for progressive modernization in the FMEP [Federal Ministry of the Electrical Engineering Industry] enterprises on the territory of the capital city of Prague and nuclear programs; and for the reconstruction and modernization of complete production sectors and working areas.

Under this distribution arrangement, 45 percent of the volume was directed at progressive modernization and actions with a quick payback. A 15 percent limit was set on technological equipment for the main production fields. This involves electrical sources of power and light, components for electronics, semiconductors and design elements, composite microelectronic elements, vacuum equipment, consumable electronics, measuring instruments, medical equipment, machinery for information processing, and automation and regulation instruments.

The limit of covering imports of machinery and equipment from nonsocialist countries without hard currency credits was determined for the most important investment actions supporting the production of color television picture tubes, integrated circuits, communications cables, area communications, asynchronous motors, electronic lithography, hybrid integrated circuits, distributors, robots and manipulators, plastic materials, and special equipment.

The capital construction plan also includes tasks arising from providing for three state target programs which include electronics, high-voltage distributors, and technical means for ACS [automated control systems] for technological processes of production and nonproduction activities. In addition, tasks were worked out by which the department will help to ensure the implementation of other state target programs [nuclear energy, savings in fuel and energy, and rationalization of the consumption of metals].

In the Seventh 5-Year Plan, a start was also made in deciding on and preparing the capacity required to support future departmental tasks connected with the predicted needs and development of the national economy in the Eighth 5-Year Plan and beyond. A primary need was shown to be accelerated modernization of the technological base of the department with a minimal orientation to imports for nonsocialist countries. This will involve the construction of capacity for the production of single-purpose, unique machinery within the department which in their parameters and quality will replace their importation from nonsocialist countries and save hard currency resources for the national economy. The growing quality demands on the component base for electronics and other assembly productions of the electrical engineering industry have required investments to resolve the existing electrical plant and to rebuild it for modern operations with technology corresponding to the high level of demands for quality of the components to ensure the reliability of the final products both in the electrical engineering industry and in other production departments and the organization of the entire national economy. Furthermore, preparation of investment actions has begun for constructing capacity for the production of detector instruments, regulators, and the component base.

The volume of investments in the Seventh 5-Year Plan was derived from balancing the capacity capabilities of the national economy for construction work and ensuring deliveries of technological equipment both domestically and by imports. Even though their level in comparison with the previous 5-year plans means a certain break and a jump in favor of the development of electrical engineering and electronics in the CSSR, it was not possible to meet a number of demands to support state target programs and in the capacity for production of tow cables and insulated conductors for surface coal mining, electrical furnaces, nuclear energy, motorized trains for the USSR, and others. These problems will have to be solved in the next 5-year plan.

A list of the basic tasks in the sector of capital construction which the department of electrical engineering industry is performing in the Seventh 5-Year Plan forms the basis of the annual operational plans for FMEP capital construction and its economic production units, including directly managed organizations, as well. It shows the difficulty and complexity of ensuring the proper proportions in the investment process. A number of measures were taken to carry out the tasks, which in the majority of cases effectively are helping to fulfill the decisive investment actions.

The results which the department has achieved since it was established [1 Jan 1980] show that it has made use of its given opportunities, especially in the economic and managerial fields. At the present time it is providing the greatest growth rate in production within the engineering branch, due to no small degree to the investment policy.

The process of investment planning in the department of electrical engineering industry takes place according to the uniform planning methodology and the regulations on methods-administration and legislative control of the investment process. The volume indicators of capital construction and specific lists of construction projects of a nature of important tasks, centralized construction projects, and other construction projects was worked out by the department for the subordinate VHJ's [economic production units] and directly managed organizations. It established execution of the tasks of the capital construction plan by designating the level of the amount of labor and deliveries for construction projects with budgeted expenses over Kcs 2 million as the minimum for the VHJ's and the limit for construction projects with budgeted expenses up to Kcs 2 million, including machinery and equipment not included in the budget for the construction project [SZNR] as the maximum. In the category of investments with BE's over Kcs 2 million, it was decided that 22 construction projects of the nature of centralized and important tasks should be completed in the Seventh 5-Year Plan. Of these, more than half [12] were designated for execution in the BHJ kraj enterprise High-Voltage Electrical Engineering Plants.

Fulfillment of the capital construction plan in the FMEP is complex. It takes place under conditions of organizational building of our own design organization and expert invetment units and stabilization of professional personnel in those sectors, which is accompanied with certain disrupting problems. The fundamental tasks are supported by a number of actions in addition to those of a planning, standardization, and legislative form. It thus pursues fulfillment of the tasks within the established schedule, especially in the case of putting capacity of an important nature into test operation and completing construction projects while achieving the design parameters. In this manner, management has achieved positive results in building a group of projects for the production of color television picture tubes. The department is continuously better utilizing its fixed assets and rujning more than one shift, as well as increasing the single-purpose machinery technological equipment by building up the production capacity by our own capital construction.

With the effective help of the SK VTRI [State Commission for R&D and Investment Planning], SPK [State Planning Commission], CPK [Czech Planning Commission], SIPK [as published], SBCS [State Bank of Czechoslovakia], and other central agencies, the department is succeeding in dealing with even the serious problems of the supplier systems, and investment, financial and hard currency coverage of construction projects.

On the b[illegible]he results achieved in the sector of capital construction in the [illegible] to 1984, one can predict that the FAEP will fulfill the Seventh [illegible]ar [illegible]n. From the viewpoint of the economic results achieved as a whole, one can evaluate the expended investments as effective. Since its formation, the department has shown the greatest growth rate of production within the engineering branches [7 to 10 percent], while systematically ensuring the growth in profitability of production assets and a reduction in the material and energy inputs per Kcs 1 of output. In evaluating the efficiency of investments in the department of the electrical engineering industry, one must start with its role within the national economy as the bearer of and pioneer in new equipment in production, especially assemblies.

Up to this point, the FMEP still suffers from inadequacies in the investment process in the predesign and design preparation of construction projects, both in the timely processing of documentation and the economic justification and evaluation of the actions proposed, as well as in relation to the utilization of existing fixed assets. The degree to which more than one shift is worked is still not satisfactory and likewise getting rid of obsolete fixed assets and application of R&D results to the production process are both proceeding at a slow rate of speed. Carrying out investments is still affected negatively by insufficient clarity in the production concept and difficulties in concentrating capacity to implement the investment actions, which results in disproportionate extensions of the construction schedules and increases in scattering of facilities.

In accordance with implementation of the "Set of Measures to Improve Management of the Economy," it is necessary to increase demands for preparation and inclusion of construction projects in the plan in the FMEP. In doing so, it is essential to give preference to implementing the plan for technical development by modernization and rebuilding of existing facilities and savings in labor, fuel, energy, and metals and better utilization of the principles of exchangability among existing capacity to achieve full two-shift operations on highly automated and high-output machinery while continuing to push for three-shift utilization of especially high-performance and expensive imported machinery. In expanding modern products, it is necessary to pursue the corresponding surpression of and doing away with products with no future.

The FMEP's capital construction plan for this year and the directives for preparation of the plan for the first year of the Eighth 5-Year Plan are derived from fulfilling an updated plan for 1984, clarification of the plan of the Seventh 5-Year Plan, and the conclusions of the 10th Plenum of the CPCZ Central Committee. It supports maintaining the high rate of development

of the electrical engineering industry even after 1985. The new methodology in planning investments has been applied to it, which provides for the division of the total amounts of labor and supplies into the amount of SZNR [machinery and equipment not included in the construction project budget] and the amount for the construction project as a whole [that is, for construction projects with BE's over Kcs 2 million and up to Kcs 2 million].

The composition of investments for 1985 pursues in particular support of the departmental tasks connected with state target programs, as well as rebuilding, modernization, and rationalization of the existing departmental production base, application of the results of the state R&D plan, introduction of computer equipment, and renewal of machinery and operational assemblies. These goal-oriented investments will primarily support renewal and development of the production base of the main groupings of production fields of the electrical engineering industry where one finds:

1. High-voltage electrical engineering;
2. The components base;
3. Investment electronics;
4. Consumer electronics;
5. Measuring, scientific, and laboratory instruments;
6. Computer, measuring, and regulatory equipment.

The amounts of investment for construction are derived from negotiations of supplier-customer relations for 1985, when eight construction projects are supposed to be finished. These concern capacity for the production of component bases and printed connectors in Prelouce and Roznov, measuring and regulator equipment in Trutnov, robots and manipulators in Presov, asynchronous motors in Mohelnice and Michalovce, and intermediate drives in Brno. The department has charged all general managers of the appropriate VHJ's to complete their construction projects within the established time schedules. In order to make better use of the fixed assets and multiple shifts, the department established a goal for 1985 of achieving an average of 82 percent utilization of machine work areas, which is five points higher than the level actually achieved last year. This goal is to be reached by more emphasis on getting rid of obsolete fixed assets, reconstruction and modernization, concentrating machines into technological assembly lines, and other measures.

The investment policy in the department of electrical engineering industry strives to effect significant structural changes, especially in supporting proposals by VHJ's for development and modernization of capacity for electronics and microelectronics which are the basis for automation in industry, transportation, communications, agriculture, and other areas of the national economy. It is accelerating the development of production capacity by exploiting R&D potential and cooperation with the socialist countries. Investment resources for machinery and equipment not included in the budget for construction projects are oriented mainly at ensuring increased production in the Seventh 5-Year Plan by 40 to 50 percent. Priority development of electronics and especially microelectronics helps

to increase the use value of the products and improve the technology in decisive branches and fields of the national economy [FMPE - Federal Ministry of Fuels and Energy, FMHTS - Federal Ministry of Metallurgy and Heavy Engineering, FMVS - Federal Ministry of General Engineering, FMEP - Federal Ministry of Electrical Engineering Industry, FMD - Federal Ministry of Transportation, FMSp - Federal Ministry of Communications, MP CSR and SSR - Czech and Slovak Ministries of Industry, MZVz CSR and SSR - Czech and Slovak Ministries of Agriculture and Food, and MSt CSR and SSR - Czech and Slovak Ministries of Construction]. It thus helps to speed up the growth in the productivity of labor and lower material demands. It develops the effort to increase the export capabilities of engineering and other products in order to limit the demands for their importation. So far, however, this task has not been fulfilled to the extent necessary.

International division of labor within the socialist economic integration is still insufficient in the investment sector. It is essential to bring about conditions in cooperation with the VHJ's for implementing higher forms of cooperation, especially with the Soviet Union.

Through actions and concentration of investment resources, the FMEP along with the VHJ's is pursuing:

--securing a future tripling in the growth of production of component bases, electrical engineering, electronics, optical electronics, and in particular microelectronics;
--mastering and expanding the production of bipolar and monopolar integrated circuits and microprocessors by utilizing modern technological equipment, including electronic lithography [ELG Brno];
--creating conditions for the introduction of automated control systems, especially in the field of machine tools, shaping tools, and textile machinery.

In automation equipment, production is being developed of detectors [Trinec], detection instruments, servodrives, signalling elements, and equipment for measuring temperature, as well as the production of control, regulatory, measuring, and monitoring equipment for nuclear energy and measuring, testing, laboratory, and medical equipment. THE FMEP also takes care of deliveries of modern computer systems with the necessary peripheral equipment and programs, especially for control of technological processes. The production of electronic calculators and telecommunications equipment is being developed in accordance with the CEMA countries' uniform systems.

In the field of high-voltage electrical engineering, the FMEP is working to fulfill deliveries for capital construction in particular for the nuclear and fuel and energy program and the production of modern drives for engineering. To support the domestic market, investments are designated for expanding innovative products of consumer electrical engineering, especially color televisions, tape recorders, record players, radios, and other products.

In connection with the current status of the living and work environments and the need for improving and protecting them, the investment plan includes items for ecological construction projects and for a social program.

In addition to the above tasks, the investment sector is also dealing with problems connected with the creation of the "Elektromont" state economic organization, which is supposed to contribute to rational savings and a strengthening of the external assembly capacity of the department of electrical engineering industry.

In the "Basic Directions for Economic and Social Development in the CSSR for the Years 1986 to 1990" and the projection to 1995, production increases are foreseen in the Eighth 5-Year Plan of 63.2 percent and in the Ninth 5-Year Plan of 78.9 percent. The favored fields are development of electronic component bases, single-purpose machines, robots and manipulators while the growth rate will slow down in those fields which require a lot of material, particularly high-voltage electrical engineering.

Distribution of investments and their orientation in the Eighth 5-Year Plan and beyond is based on priority support of the progressive lines of development of the national economy by ensuring use of R&D outputs, target programs, savings in fuel and energy, the export and anti-import concept, and effective modernization of capacity. At the same time, it should achieve a high level of production and products of the electrical engineering industry comparable with the global standards.

The concept of basic investments starts with the capacity calculations and a demanding evaluation from the standpoint of economic efficiency. According to analyses of the efficiency indicators of the individual construction projects proposed for starting in the first half of the Eighth 5-Year Plan, the results for the FMEP are favorable.

A list of construction projects of important and centrally considered nature for preparation in the first years of the Eighty 5-Year Plan for the purpose of timely investor and design preparations, as well as providing the capacity needed in construction labor and technology, was passed to the design and supply organizations and will be further specified. One third of the budgeted expenses for construction projects planned to begin in 1986 is in support of development of the production capacity of state target programs and the rest is for expansion of capacity to improve the quality of production and products of the electrical engineering industry, problems connected with socialist economic integration, the production of single-purpose machines, and application of the results of R&D. Currently intensive work is being done on the concept of continuing rebuilding and modernization of the production base of the department and FMEP enterprises on the territory of the capital cities of Prague and Bratislava, as well as selection of investment actions prepared for starting in the second half of the Eighth 5-Year Plan.

In working out the plan of the Eighth 5-Year Plan in the sector of production of basic resources, it will be a matter of reevaluating the efficiency of utilizing existing fixed assets and the economic contribution of the proposed investments in relationship to the indicators of effectiveness established for evaluating investments. On the basis of the calculated contributions of the individual investment actions and a judgment of the social economic efficiency of the construction projects, an order of importance will be established for their planning and implementation in the next 5-year plan.

Carrying out the demanding tasks of the electrical engineering industry in the capital construction sector in the next 5-year plan and for the long term requires creating the appropriate conditions and prerequisites in the department, with which constructive aid by the other central agencies and departments, especially suppliers, should associate themselves. One must bear in mind that reaching the strategic goal of our economic policy, the electronization of the national economy, depends on mutual, dedicated, and responsible cooperation by everyone.

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EFFECTS OF 4TH, 5TH GENERATION COMPUTERS ON FOREIGN TRADE

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[Article by Bohuslav Vavra: "The Increasing Effectiveness of Internal Economic Relationships Resulting from the Use of Computer Technology (4th and 5th Generation Computers in Foreign Trade Organizations)"]

[Text] The development of electronics gradually reaches all spheres of the national economy, and thus has a direct impact on the competitiveness of many of our products in terms of quality and cost. In addition to the use of microelectronic components in the production process and in products themselves, there is nothing to prevent the applications of existing computer technology from becoming an integral part of the control process.

Computer technology resulting from microelectronic components is causing qualitative changes as the result of quantitative increases in capacities and of the ability to process much more complex tasks and achieve results within an acceptable or possibly necessary time limit. The speed with which many complex tasks may be solved makes it possible to use the new computer technology not only for the control of partial production processes, but for entire production and organization complexes as well. The technology's relatively low cost makes it possible to use it at many work centers and thereby help solve the dilemma of chosing between centralized and decentralized computer technology, a choice previously affected by high investment or operational costs. The centralization or decentralization dilemma remains as regards the acceptable structural complexity of both the system controlled and the system doing the controlling.

In foreign trade organizations (OZOs), the use of microelectronics can be found in the following circles and areas:

a. Organizational structure of OZOs

a1. Current organizational structure of OZOs

a2. Use of computer technology, 1981-1985

a3. Preparation of new organizational structures

B. Course of a commercial operation

b1. Preparation of a commercial operation

b2. Administrative processing of a commercial operation

b3. Evaluation and generalization of the effects of a commercial operation as regards other controls on enterprise trade policy

c. Elements of artificial intelligence in the control of OZOs and commercial operations

c1. Strengthening of identification abilities

c2. Strengthening of memory capacities

c3. Strengthening of logical evaluation abilities

c4. Strengthening of higher intelligence

d. Covering the information needs of OZOs

d1. Methodical approaches

d2. Research needs and verification of applications for the introduction of new computer technology for the control of OZOs

d3. Robotization in the administrative work and control of OZOs

Foreign trade organizations(OZOs) are a social and dynamic system in which the main driving force is people. Computer technology can influence the structure of a foreign trade organization itself, or affect an individual in such an organization, or also, by the so-called generation effect, influence the entire human population and affect enterprise structures in retrospect.

With a suitable utilization of computer technology and correct theoretical preparation, realistic changes can be made in organizational structures in the next 2 to 3 years. In contrast, altering the opinions of employees and encouraging them better to utilize the existing capabilities of computer technology would require more than the period of a single five-year plan. Therefore, in the further development of computer technology applications, we must deal not only with the development of the technology itself, but also with the psychological growth of the parties involved. The rapidity with which we will make maximum use of computer technology depends on the social consciousness of foreigh trade employees.

Computer technology will be applied throughout the foreign trade process, from forecasting to planning, the preparation of commercial operations, and replacements of routine administrative and many other mangement tasks. We will have to come to terms with the idea of robotization in administration as well as in managerial work because the majority of activities can be done algorithmically and are therefore fully replaceable by machines.

a. The Organizational Structure of Foreign Trade Organizations

al. Present Organizational Structure of OZOs

The organizational structure of large and medium-sized foreign trade organizations was determined in the late 1970s. One of the main influential aspects was the fact that these organizations in themselves represent the intermediate management link. They are managed by a director-general and have the following sections, managed by deputy directors-general or directors:

1. Trade section

2. Commercial policy and integration section

3. Economic section

4. Cadre and personnel section

5. Organization and automation section

6. Units under the direct supervision of the director-general

1. The trade section is managed by the deputy director-general, and in larger enterprises or sometimes in enterprises located in both of Czechoslovak states, will have a number of trade sections and a corresponding number of trade deputies. The trade section is divided into trade groups managed by trade directors. The size of the trade group depends on the commodity traded and the area of responsibility, and usually has 30 to 70 employees. The trade group is further divided into trade subgroups by commodity and area of responsibility. A trade subgroup usually has 5 to 12 employees. In large trade groups dealing with technical services problems, departments may be formed. In addition to a trade subgroup, a trade group often has an economic subgroup for some specialized services. There are many exceptions to the numbers of employees as well as to the structure. Transportation is covered by the trade section.

2. The commercial policy and integration section is divided into subject areas and is managed by the section director. The subject areas may be divided into subgroups. In addition to the area indicated by the section's title, it is responsible for scientific and technical information and for the technical development of the commodities processed by a given foreign trade organization.

3. The economic section is managed by the economic deputy director-general and is usually the largest in each foreign trade organization in terms of the number of employees and is structurally the most demanding, because it processses the plan, prices, foreign currency matters, salaries, statistics, accounting, financial policies and building management. It is divided into subject areas and further into subgroups, rarely with an intermediate department.

4. The cadre and personnel section is managed by the section director and is divided into personnel, cadre, and cadre education areas. In the case of large enterprises, it will reach up to 20 employees.

5. The organization and automation section is managed by a section director and is divided into three subject areas: computer center, programming and analysis, and organization and management techniques. Fifteen years ago, the management of this section influenced very positively the development of the utilization of computer technology in many foreign trade organizations. Unfortunately, in about 25 percent of enterprises, the functions of the section director and certain other positions were utilized to make personnel transfers within enterprises and cadre transfers between the foreign trade network and the enterprises.

6. Units directly supervised by the director-general--except for the secretariat of the director-general--are small subject areas such as the legal area, special tasks and defense, enterprise monitoring or individual work centers, such as fire control technologists.

The current organizational structure of foreign trade enterprises poses no obstacle to further development of the use of computer technology. On the contrary, the personnel composition of this structure significantly influences the speed of development in the period ahead, and it cannot be considered to be satisfactory. Not until during the preparation and aplication of the 5th generation computers can there be qualitative changes in organizational structure, including personnel strengthening.

a2. Use of Computer Technology in 1981-1985

In the 1981-1985 period, computer technology changed in approximately a fourth of the enterprises, while in a third the existing operational technology was strengthened. As a result, the problems in these enterprise groups are qualitatively diferent. In those enterprises where there was no change in technology, there is the risk that the management system being processed will be put out of commission, which would result in losses in the commercial area which are possible but difficult to define. Almost all enterprises have capacity problems to deal with. The upgrading of computer technology, and thus its new capabilities, made a broader use of the technology; therefore, these enterprises have also not satisfied the capacity demands. The capacities lacking are mainly interactive data processing or perhaps the individual utilization of a computer in the decision making process.

The extent of the upgrading of computer technology at the foreign trade enterprises indicates the length of time that current technology can be used, which in itself is a warning signal as regards further development of computer use. Computer technology that is over 5 years old is at best half as effective, and significantly affects the qualitative parameters of processing as well.

In the period under review, there was development of the production of a new group of computers, the so-called personal computers. These computers were practically not introduced in the foreign trade organizations, for which reason this entire area contributes to the passive application of computer technology in OZOs. Unquestionably, personal computers bring computer technology closer to the employees or to specialized work centers. At the same time, these computers contribute to changes in the psychological position of persons toward

computer systems. Changes in the methodology of analysis, the utilization of programming languages as well as the extension of operational research methods into realistic decision-making are the side effects of the use of personal computers. So far, foreign trade organizations have not had to deal with these influences.

The miniaturization of computer technology in the mid-1970s made it possible to attain large computer capacities in a small space, but in this case the practical production overtook the long-term prognosis. Very soon after the industrial manufacture of large computer systems, the present parts base was used for the manufacture of table and later pocket calculators. The parts base was miniaturized so the dimensions of simple calculators became smaller and at the same time the capabilities were increasing. The miniaturization of external dimensions of the calculator stopped after it became possible to use a pencil point on the keyboard. Functional capabilities are not limited, and on the contrary are ever increasing. It seemed that gradually enhancing and improving the functions of these calculators would lead to the creation of personal computers. Miniaturization occurred much faster, and it is now apparent that the personal computer is not the continuation of developments as regards calculators, but instead a total decrease in the size of the original large computer systems. The personal computer with a 1/2 MB internal memory and 10-20 MB external storage exceeds the capacity of the large computers, which in Czechoslovakia are still being used frequently. Not only the corresponding capabilities but unfortunately the qualification and time demands for preparing effective utilization approach those of earlier large computers.

In the period under review, there was no decrease in the qualification or capacity demands of preparing for the effective utilization of computer technology, and it may be assumed that not even the other 5th generation computers will decrease the factual demands of preparing for the use of a more effective technology. The notion that a speaking compute, capable of reacting to spoken commands, will enable everyone to build computer information systems, is absurd. A speaking computer will solve concrete tasks easily and quickly only so long as the person issuing the commands is capable of correctly formulating his requests. The computer will replace routine physical tasks associated with transferring information as well as some basic thought operations, and therefore the human brain will be used at a higher level.

a3. Preparation of New Organizational Structures

Any kind of batch data processing with a 24-hour cycle or just a several hour cycle makes it impossible to include this activity serially in the routine administrative decision-making process. The automated control system of the OZO" is run this way on almost all computers in the sector. This is known as "parallel" processing because the data processing is being carried out independently, "alongside" the routine operation of the foreign trade organization. Only at some points is there a connection or crossing of these two systems. The effort to use serial processing under these conditions often leads to a waste of work forces.

Only interactive data processing, i.e., "instant" realization of the majority of the operations on the computer when man is operating the machine, makes it possible to include computer processing in series with other work activities, which is how the data processing merges in terms of time with the other activities of the employees of the foreign trade organization.

A qualitative change in the structure of data processing will necessarily lead to qualitative changes in the structure of management and therefore to changes in the organizational structure of the foreign trade organization. The future development of these structures may be considered as a variant, and it is possible that in certain enterprises, depending on the commodity, the areas being processed and the type of personnel, these structures will be even further differentiated.

The onset of interactive processing will be reflected in changes in the type of work, and in some cases even in disbanding some work centers and combining units. In the course of these qualitative shifts, work productivity increases by tens of percent and, in individual cases, there is an occurrence of a total elimination of previous "human" activities. In cases where the number of employees required division of a unit, there will be a remerger of it without a qualitative change of structure.

Further changes in the organizational structures of an enterprise will be necessitated not only by changes in data processing but also qualitatively, with another stage of management resulting from the utilization of the methods and functions of new computer technology and methods of data exchange between enterprises at the domestic as well as international levels. Of course, a new way of processing many trade procedures will occur, which will influence the existence of a number of work centers.

The preparation of new organizational structures, including the checking of personal computers and other new functions of computer technology, will have to become a part of a specialized work center in the foreign trade sector, either in a research institute or at the Mechanization Center for Foreign Trade, or possibly at a specialized foreign trade organization.

b. The Course of a Commercial Operation

b1. Preparation of a Commercial Operation

The utilization of computers in preparing actual commercial operations at the majority of foreign trade organizations is not at all widespread. This commercial area called for larger technological capacity and more extensive analysis that have been available up to now.

The production of personal computers with a sufficiently large internal memories and the possibilities of having these computers communicate with a central system fulfilled the first condition for the utilization of computer technology in preparing commercial operations. Furthermore, the trade reporter must have access to a number of ancillary facts and information, including information about the course of previous commercial operations of a similar type

in a same or otherwise comparable territory. Furthermore, he will need to know transportation tariffs and other seasonal information, and in particular know a series of suitable programs for processing various data on the commercial operation. After chosing the variant, all important information should be in the centralized memory and selected data should be transferred automatically to the enterprise control system.

The necessary projection and program capacities are still an obstacle to introducing computers into the preparation of commercial operations, because the preparation of a commercial operation in individual commodities and territories may vary so greatly that it cannot very well be covered by a central method, even within the context of one enterprise. Only some segments of programs and some procedures can be the same for more than one commodity. We will return to this problem when we discuss the approach to further development.

b2. The Administrative Processing of a Commercial Operation

The problem of administrative processing of a commercial operation can be divided into export and import, possibly broken down regionally into the socialist and nonsocialist areas.

In the export area, a detailed study was completed about individual operations of the entire commercial operation, including documentation of all forms and regulations associated with carrying out the commercial operation. The number of operations reaches almost 770. Of these, at least two-thirds can be further influenced by using computer technology. The study was put together by a volunteer team of employees of several foreign trade organizations lead by Eng. V. David, RUOA a.s. [joint stock company] Chemapol. Putting this entire task into modular programs and gradually introducing it to foreign trade organizations is beyond the purview of that team, and further continuation of the task at a professional level has so far not been arranged.

The area of imports has generally not been researched. The recent effort to rearrange import activities under the umbrella of a foreign trade organization, Koospol, a joint stock company which would include other foreign trade organizations, took a heavy beating in the first round, and when the second round began the only cooperating company that remained was PZO (foreign trade enterprise) Kovo. Simultaneously, the principle of cooperation of the machine tool industry and nonmachine tool industry enterprises proved very difficult. Finally, the project was finished by Koospol itself, which promised to use it at PZO Kovo.

It has been known for a least ten years that individual foreign trade organizations cannot alone handle the complex processing of commercial operations. However, all the efforts toward further cooperation are failing to yield the necessary results. The cooperation problem must be solved methodically as well as organizationally, including elaborating on the material and moral stimulus for all participants.

b3. Evaluation, Generalization of Effects of the Commercial Operation for Further Management of Enterprise Trade Policy

The final calculation of each individual commercial operation, and its summarization by smaller or bigger territories, or by individual commodities or groups of commodities according to the organizational structure of the enterprise, are one of the realistic outputs in a number of foreign trade enterprises. Even though it is one of the most difficult applications of the existing automated data processing, one which demands complicated and often multistep storage and processing of enterprise data, most enterprises make very little use of these calculations. When this application was not available, everyone agreed that it was quite necessary. Then interest quickly waned. Even though in some cases this may be explained by the poor quality of data, we do not think this is the main reason. We assume that data which are demanding in this way need to be part of a qualitatively higher stage of output. The computer should evaluate the data further and indicate tendencies, signal turnarounds; then, the results cannot help but become interesting.

We lack the necessary experience with operational research and modeling methods to obtain the higher level output. There are very few employees in foreign trade who would be interested in, or would at least be capable of, imagining the application of multifactor analysis, the fusion of sets of Fourrier analyses and practice, for example. For this type of level, we will first need necessary data and methods of data transfer from external, mainly foreign, data bases. Simultaneously with research, development and verification of the application of new methods, there must be further practice with their utilization and extensive data gathering.

c. Elements of Artificial Intelligence in the Management of Foreign Trade Organizations and the Commercial Operations

Despite the fact that some elements of artificial intelligence already appear in the application of 4th generation computers, the main development can be expected when the 5th generation computers are introduced. In the majority of cases, it will not be the actual replacement of the human psyche by a machine, but a strengthening of many sides of human absorption, memory and reason. The time for social decision-making by machine, even in part, remains very far off.

c1. Strengthening of Identification Abilities

The area of absorption, sorting and the preliminary evaluation of input information does not necessarily have to be understood as a specific characteristic of a human brain, but may also be a capability of a complex new computer system which can handle a large amount of varied data, compile them, separate them, or possibly suggest a structure for their storage.

c2. Strengthening of Memory Capabilities

In the newly developed 5th generation systems, there will be more than just a quantitative expansion of memory elements, but a structured memory as well, which in spite of its large capacity will be able to find information quickly

and, considering its structure and the structure of the sorted data, provide fundamentals for generalizing information or on signal interesting exceptions or deviations.

c3. Strengthening of Logical Reasoning Capabilities

This is a matter of two qualitative sides of machine logic decision-making. First of all, the average quality of the old type of decision making will be increased, i.e., the flawed decision-making of humans in ignorance of the rules of logic should be prevented; then it will be a matter of simulating the top level specialist in such a way that the computer will be capable of applying the theory of fusion of sets, intuitive logic, etc.

c45. Strengthening of the Higher Elements of Intelligence

Here we have reached the present limits of knowing the capabilities of machine processing of information. There are partial results that are very promising, which may be the final results for the next several years or possibly even for several decades. It is certain that the speed of the parallel processing of information in the systems of extensive parallel processes is comparable to the speed of processing information in the human brain. Thus, there are new qualities in the combination capabilities of computers--see chess playing computers, etc. When algorithms are well prepared, in some areas the machine can surpass the capabilities of a man in the same way that the sensitivities of artificial sensors surpass the senses of humans. In contrast, the formulation of problems, organizational and original thinking can resist using algorithms for a long time.

The newer opinions and findings that thought doesn't necessarily have to be algorithmic should also be mentioned, in which case the machine processing of information would be faced with totally different problems.

d. Meeting Information Needs

The 20 years of using computer technology in the OZO show how theory and practice influence one another but also how often theory on its own is not capable of significantly influencing current practices in a certain area. While we may constntly have been missing something in the software area, certainly program packages with methods of operational research was not it. These programs, even for Czechoslovak computers, have been available for at least 10 years, despite which the foreign trade area at individual enterprises has not used them in practice.

d1. Methodical Approaches

The approaches used in the development of automated control systems in foreign trade, and which were correspondingly successful in the recent period, can be categorized as follows:

d11 Amateur approach

d12 Semiprofessional approach

d13 Professional approach

d11. The amateur approach does not necessarily mean individuals, but a group as well. This approach in the past has led to many successful and progressive solutions for automated control systems at foreign trade organizations. We can thank this approach for the fact that so many tasks were completed. One of the examples is the beginning group from the computer center at the Veletrzni Palace in the early 1970s. At that time, a group of computer buffs from different professions--mechanical engineering, electronics, heavy-current specialists, mathematicians, physicists--met and formed a group which did a lot of useful work for Motokov, Koospol, Kovo, Merkurie, and other foreign trade organizations. For data processing at Motokov foreign trade enterprises, a two-tier sequentially indexed method was developed which to this day is very interesting.

The enthusiasm which always marks the amateur approach is a very positive but insufficient element in application of complex systems using computer technology. Therefore, this method should not be relieved on in the long-term, demanding plans for automated control system development;

d12. In case of the semiprofessional approach, a role is already played by the depth of the education of the individuals as well as the groups, but also the experience of a team. Most of the rationalization brigades utilize this method successfully, not because the individuals are semiprofessionals but because professionals need not constitute the majority of the team. In this category we may include the abovementioned export operation work by the team of Engineer V. David as well as many other significant works in individual foreign trade organizations;

d12. The professional approach is the only approach that is fully covered by qualifications, experience, and the necessary time capacities. Short-term, one day a week availability for work on a team, even if the qualifications are highly specialized, would not make it possible to process very complex systems.

We will have to continue to combine these approaches in practice, but we must never forget that the demanded professional general level of solution is limited by professional approaches.

D2. The Need for Research and Verification of Application for the Management of OZOs

d21. Areas Which OZOs Must Research

--The transfer of results from economic experiment area to the exchange and data processing area;

--The methodical management of cooperation of projection capacities of more than one OZO;

--Putting the method of operational research into practice;

--Searching for the optimal size of computers for individual stages of management and individual work centers;

--Optimizing the management structure of the OZO while using the internal computer network;

--Defining information contents and its management in the enterprise superstructure sphere.

The list of needs is not complete, but the tasks mentioned above should contribute to the clarification of investment policy in the renovation and extension of computer technology in the entire foreign trade area. Current empirical experience gives no reliable indicators for the future. The total lack of standard equipment in the individual foreign trade organizations, mainly the lack of uniformity in enterprises of comparable size or dealing with similar commodities, should be a warning sign for further investment policy. Stopgap methods in a period of fast qualitative changes have no hope of being successfully applied. The external assistance to individual OZOs will have to be more broadly based than the tasks referred to above. Otherwise, they will not be able to develop at a speed which is necessary in today's world.

d22. Issues Specific to the Utilization of 5th Generation Computer Technology

In addition to the general demands of the new generation of computer technology on the complexity of solutions and to an intuitive foreseeing of new problems, we must count on the utilization of foreign language information with a full use of national alphabets, with international exchanges of trade information directly between computer systems, as well as the need to work with insufficient and inaccurate information. At the same time, we must realize that trade information has some qualitative properties that are different from scientific and technical information.

During this period, we can assume processing of many documents or the corresponding data structures using robots to be realistic. Also, the control of information exchanges with domestic partners will be significantly automated and, therefore, changed.

d23. Trade Policy and Operational Research

So long as trade policy does not become offensive, the majority of possible effects of using computer technology and the corresponding methods will not find a user. In trade policy as well, there must first of all be optimization of the economic effect against the predominating method of fulfilling indicators --fulfilling the plan.

d24. Distributing Computer Technology According to Professions

When introducing decentralized computer technology, we must take into account the capacities of this technology, the demands and program equipment. At the same time, we should also take into account the capabilities and interests of a given employee so that we can support further development of the utilization of this technology. When a general managerial employee is satisfied by data

with a central character, his secretary needs equipment for word processing, archiving text, and filing. The technical employee, on the contrary, needs a personal computer with mathematical equipment and a conventional clerk needs a terminal enabling him to modify data and input data into a data base. The same way that various automobiles with exactly designated characteristics are designed and manufactured, computers for a specific, designated use are already being and will be manufactured.

D3. Robotization in Administrative Work and in OZO Management

The robotization of administrative work has its justification in foreign trade as well. The planned or demanded growth of turnover of foreign trade and the resulting increase of administrative activity should be covered fully and soon by introducing computer technology. The growing commercial demands should be met by freeing commercial employees of administrative work and replacing the freed job slots for clerks by positions for young commercial employees. Considering the age distribution of employees in foreign trade, robotization should not bring significant social problems, as the pattern makes it possible for there to be timely qualification and renewal.

The demands on the growth of foreign trade turnover and realistic possibilities of delivering new computer technology create good premises for solving the majority of foreign trade tasks, assuming that concrete measures to deal with these tasks are taken on time.

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OVERTIME, FUNDING IN MINING DISCUSSED

VGMKs Pose Dilemma for Miners

Budapest HETI VILAGGAZDASAG in Hungarian No 49, 7 Dec 85 pp 52-53

[Article by Gabor Juhasz: "Miners Trap?"]

[Text] From 1 October of this year until the end of March 1986 the miners of Dorog Coal Mines who work underground can accept overtime work only in VGMKs [enterprise economic work associations[. Even though only 2 months have passed since the decision was born, creation of the VGMs [or VGMKs] has already divided the interested parties.

Overtime shifts have been practically eliminated at the Dorog Coal Mines since 1 October. Until then the miners working underground have descended into the deep 6-8 or even 10 shifts per month at the cost of their free time, mainly on Saturdays and Sundays. Of course the overtime shifts did not disappear because they are no longer needed, but because for a good 2 months now the miners are doing the extra work in VGMs. That is, the name and accounting for the weekend shifts have changed.

There is a very good reason for the change. The enterprise's wage budget available to pay for overtime work this year is near exhaustion, because the extra shifts over the plan due to last year's cold winter used up the money at the Dorog Coal Mines in the first quarter. And now winter is here again and more coal is needed than had been planned. For this very reason the enterprise management--with approval from the Ministry of Industry--decided that until 31 March 1986 those working underground may also accept extra work in VGM, because earnings paid in this are charged to the enterprise's expenses rather than the wage budget.

Before the decision the workers were informed about the new opportunity in workers meetings in the enterprise's three operations. "The work associations were organized on the voluntary basis until 90 percent of our workers affected did volunteer. Now 1,054 people are working in 49 VGMs"--says Ferenc Wagner, head of the economics committee of the enterprise trade union.

Even though the enterprise representative did not make us privy to the details of the calculations, he did reveal that much that in practice on the average

the VGM pays about 50 percent more than the money paid for work done in overtime shifts. Just for the sake of an example: until now one Saturday morning shift paid a miner 660 forints on the average, while from now on theoretically it will pay 1,584 forints. A shift on Sunday morning will pay 1,900 instead of 690 forints. All this of course is true only on paper. By the time the miners receive the envelope, the"rate" for Saturday morning after the deductions is only 830 forints, and 1,020 forints for a Sunday morning. This is because many kinds of expenses decrease the income of the VGM members: taxes, the sum paid into the VGM's reserve fund, and cost reimbursement deducted by the enterprise.

Gross and Net Earnings of the VGM Members in October 1985 During one Shift at the Dorog Coal Mines (if the Norms are Fulfilled)

	Gross earnings	Net earnings
	Forints	
Saturday		
Morning	1584	828
Afternoon	1900	1019
Night	2218	1213
Sunday		
Morning	1900	1019
Afternoon	2218	1213
Night	2534	1401

After this it was no surprise that the opinion of the miners--according to their interests--is divided when the VGM is being discussed. "For the most part the young people approve of the VGM, the older ones oppose it"--says cutter Jozsef Palfistyak. The explanation for this is simple: even though the VGM pays more, earnings thus acquired do not count towards the retirement base, while the income earned from overtime shifts was considered in calculating the retirement pay base. Since the VGM replaced the overtime shifts, the retirement pay base of the workers became smaller, even though they spend the same amount of time working underground. And this is not the only disadvantage of the VGM. "Money thus earned is not counted towards the length of service reward fund. For us 'undergrounders' the length of service reward can even be as high as 19.5 percent of the annual earnings"--maintenance group leader Gyorgy Schiszler joins the conversation--"and we also lose out on the health benefits and vacation pay." Jozsef Palfistyak has also calculated that basing it on 6 extra shifts per month, the decrease of income may amount to thousands for work done in the VGM for one year.

According to those closer to retirement, the VGM is no solution, not even temporarily. And in one of the units, the Alagut Mining Operation, the age of the cutters is around 45 years. "Those born in 1937-1938 are already concerned about the retirement pay calculation"--says Istvan Radoszta, the

operation's manager. They would like to work in a "job with retirement benefits" again, that is, with overtime. But they will not be able to do so until the end of March--at least not according to the present situation. That is, at this time they have no choice. Except for a few exceptions, those who want to work on the weekends have to be VGM members. "The best thing would be if there would be a choice and everyone could work in the format he wants. If he needed a lot of money quickly, he could work in VGM. If his interest is long term security, he could work in overtime shifts"--says cutter Erno Kis, and his fellow miners agreed with it.

For the time being the only thing that remains is work done in VGM. By the way, during 8 hours of this more coal is brought to the surface than during the weekdays. "There is nothing special about this, performance also used to be higher in the overtime shifts than during the weekdays"--observes Istvan Radoszta. Even though he did not quote exact production data claiming to have no comparative numbers, he did add this: the explanation for the higher performance is mainly that on Saturdays and Sundays the cutters are "going for coal," this is when they derive the benefits of preparations made during the week.

"With the passage of so little time it is not yet possible to talk about experiences but we can already conclude that the VGM is no miracle cure"--the manager summarized his impressions in conclusion. According to his position this solution now improves the national economy's energy situation and makes it possible for the enterprise to overfulfill its plan without paying additional wage taxes, and last but not least it provides the miners with extra income over the short range. But in its present form it can only be a temporary solution--he adds--and it can exist only until the decisions--often mentioned also in Dorog--are made to improve the situation of the miners. Over the longer term only the raising of base wages, construction of miners' housing and improvement of the working conditions can help. That is, in this case--this is the opinion in Dorog--there would be enough miners and they would not have to work so much overtime.

Terms of Government Fund Allocations Eased

Budapest HETI VILAGGAZDASAG in Hungarian No 50, 14 Dec 85 pp 50-51

[Article by Mrs Lorant Kismarty: "Special Finance Department"]

[Text] Until now the so-called basic state grant has been a special domestic form of loan: neither a budgetary grant nor a loan, since it had to be repaid in the form of annuities, but done so from the pre-tax profits. According to an October government order in the future enterprises will be able to receive basic state grants with more favorable conditions than before--as can be seen from the following article of a top official of the State Development Bank.

Recently the Hungarian Roller Bearing Works received 191.6 million forints as basic state grant from the State Development Bank (AFB), and the Mosonmagyarovar Metal Equipment Factory received 321 million forints. In 10 years the Debrecen

people will pay back 325 million forints, the Magyarovar people a little less than 546 million (for more details about this see the 26 Oct 1985 issue of HETI-VILAGGAZDASAG). On the other hand barely a week or two ago the Tatabanya Coal Mines Enterprise--on the basis of the National Planning Commission's decision--also received basic state grants from the AFB for two major investments, to open the Many and Nagyegyhaza mines. In payment for the 7.2 billion forints received the mining enterprise in 15 years will have to pay the bank about this same amount in annuities. A little more than the 7.2 billion if the investment implemented from the loan brings in more profit than planned, and less if the profit is less.

The terms of the repayments cannot even be compared to each other, yet we are not talking about two kinds of award constructions nor that the two machine industry factories have a lesser need for inexpensive money than Tatabanya people. What explains the difference seen in the payment conditions is that during the few weeks which elapsed in the interim the government accepted the proposal submitted for the further development of the basic state grant system. According to the government order published basic state grants can be given for investments begun after 1 January 1986 with conditions similar to that of the mining enterprise's. The basic grant is a special way for domestic enterprises to obtain money. It cannot be called a loan, because, loans payments must be made from the profit remaining after taxes are paid, and only the interest can be charged off as expense (that is, built into the price of the product made). The enterprise must pay the annuity payable for the basic state grant from its pre-tax profits, so that by this the enterprise decreases its tax base and as a consequence also the tax it has to pay. In the economic sense of the word it appears that the basic grant has no interest rate, the amount received and the profit of the financial institution granting it must be repaid under the name of annuity. It is true, however, that according to the practice still in effect this year--as the examples of the rolling bearing works and the metal equipment factory also indicate--the enterprise taking advantage of the basic grant must in the final analysis pay back a similar sum as if it had taken out a loan in the same amount as the basic grant. That is, calculated by the average domestic interest rates during the 10-year repayment time the enterprise must pay into the account of the bank making the loan 170-180 percent of the sum borrowed. According to the past practice of basic state grants the enterprise receiving the grant paid back 17 percent of the amount received each year to the AFB for 10 years as annuity. And in 10 years this comes to exactly 170 percent.

This same thing raised a question about the original goal of the grant system. That is, originally the basic state grant was created for the very reason to prevent a specified group of enterprises from being forced into debts in excess of their abilities. According to analyses by the AFB not only those enterprises got into difficult financial situations in recent years, which struggled with sales and economic operating difficulties and problems. The signs of going into debt appeared besides this, mainly among the enterprises making raw materials and semifinished products, and also at those which implemented developments selected by the national economic plans.

These enterprises--such as, for example, the producers of energy sources, metallurgical operations, power plants--due to the character of production could often develop their activities only through gigantic loans. Because of the conditions of their loans they should have produced higher than average yields but this--at least in general--is not characteristic in these very production branches. Some of these enterprises tried to counterbalance the stricter enterprise regulations and the extra burdens due to the increased cost of financing by price increases. But this--as the price increase was spiraling on in practically the entier national economy--increased the inflation. In other cases finally the national budget gave these enterprises subsidies to increase the enterprise's income.

It was proven on the basis of the AFB's analyses that the conditions for enduring and rapid growth can be created at few enterprises in Hungary if only the enterprise's own resources and loans are available for this. It seemed necessary to set up a new construction for providing money by the state.

The basic state grant became this construction. By the government's resolution the enterprises have been able to obtain money in this manner since 1976, at that time only as an experiment. Until 1980 this was able to "help" only a few enterprises: between 1976 and 1980 the AFB which made the grants had only 1 billion forints available for this purpose. The experimental stage ended in 1980 and since then the enterprises have been receiving 1 or 2 billion forints per year as basic state grants. Since even this sum cannot be called too large, necessarily only a limited circle of the domestic enterprises was able to obtain it. The grant opportunities were further restricted by the fact that it could be requested only for those investments the implementation of which were decided by the enterprises rather than by governmental organs.

The problems indicated here in the basic grant system of the past led to the recognition that the system must be further refined. The government also accepted this. The size of the sum that can be spent for basic state grants will be included in the Seventh 5-Year Plan, and also after the plan is developed and adopted will the enterprises learn the details about what basic state grants can be requested.

The general conditions for basic state grants are already known today. One of the important current changes is that this construction can be used in a broader circle of developments than before:

--In the future basic grants can also be given for centrally decided developments, for example, to open mines, to build power plants. At these investments the National Planning Commission will decide the amount and conditions of the basic grant, within the framework of the investment decision.

--The enterprises can also receive basic grants if they by their own decision carry out developments selected in the national economic plans. For example, according to this the coal mines can expect basic grants because by the

development they decide on they can improve the conditions of coal production--or the construction material enterprises because they would modernize or expand production of their products. Basic grants can also be obtained for enterprise developments through which energy or material can be saved. It will be learned after the national economic plan is finalized, which enterprises will finally be actually receiving the basic state grants based on the examples listed above.

--According to present thinking basic grants will be able to help create new enterprises, subsidiaries, and business associations operating with foreign participation.

Basic state grant can be given for enterprise developments if 70 percent of the necessary amount is available from other sources (also including bank loans) to the enterprise, that is, a maximum of 30 percent of a development's costs can be financed with a basic grant. Exempted from this are mining, the electrical energy, brick, shingle, lime and cement industries as well as the public service enterprises.

Among the resolutions specified by the government's order it will be decided within the negotiation between the enterprise and the financial institution making the grant--not necessarily exclusively the AFB in the future--what annuity will apply to the grant and within how long a time it has to be paid back. No state grant may be given at all for enterprise investments among the sources of which there are other grants paid by the national budget, for example, a non-repayable subsidy.

Naturally the basic state grant will not be the only source in the future either for financing domestic investments. In addition to investments implemented from own resources and from loans the various forms of budgetary assistance will remain. The enterprises can receive state loans where the budget will "take on" a part of the principle or part of the interest. The enterprises may also receive free grants from the budget though only in a very narrow circle compared with earlier years.

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1984 WAGE SYSTEM EFFECTS EVALUATED

Warsaw ZYCIE GOSPODARCZE in Polish 17 Nov 85 p 11

[Article by [L.]: "More Viable, After All"]

[Text] The law passed on 26 January 1984 regarding plant wage systems allows enterprises to use wage systems which are more flexible and adequate for their conditions of operation. During a period not quite a year and a half that the law was in force, i.e., up to 30 June 1985, 2,659 plant agreements with regard to wage systems were recorded at the Ministry of Labor, Wages and Social Affairs. Such agreements went into effect at that time in 983 industrial enterprises, 442 building enterprises, 302 enterprises belonging to the agricultural sector as well as 77 transport enterprises, 123 domestic trade enterprises and 51 units of foreign trade.

In answer to the question: What is the actual extent to which the law is used? It may be said that it is still not very large. During the period under discussion, only approximately 21 percent of the industrial enterprises as a whole and approximately 25 percent of building enterprises and 15 percent of transport firms adopted the wage principles allowed by the law. The best showing in these statistics is made by units of foreign trade--the new systems are used by approximately 72 percent of these units. However, this data does not say everything. Although, the law is only made use of by every fifth industrial enterprise, it already encompasses 43.5 percent of the industry's workers while the enterprises which make use of this law contribute to as much as 51.4 percent of the country's production. The ratio in the case of the building industry is similarly arranged and this is even more pronounced in the case of the transport industry. Only approximately 15 percent of the transport industry's enterprises have introduced the new wage systems. However, they employ as much as 75 percent of the transport industry's workers. It may be assumed that PKP carries the most weight here.

Of even greater importance is the answer to the question: What are the effects of the use of the law on plant wage systems on enterprises and the economy? Thus, according to GUS data, enterprises that introduced the new wage systems as early as in 1984, today receive results better than the average for the economy. Whereas industrial production was higher by 2.2 percent during the first half of the current year [1985] in comparison with the same period in 1984, the production of enterprises using the plant wage systems was 3.7 percent

higher. Furthermore, these enterprises achieved better results along with a drop in employment greater than the average for the entire industry. That is why, inasmuch as sold production per employee rose in industry as a whole by 3.1 percent, in industries using the new wage systems it rose 5.8 percent. The decline in employment in enterprises using the plant wage systems also resulted in that although the growth rate of individual wages was only 2.7 points higher in these enterprises than in industry as a whole, the growth rate of the average monthly wages was already 4 points (20.1 percent and 24.1 percent) higher. Similar trends occurred in the case of the building industries. That is why the inference that enterprises using the new wage systems on the basis of the law of January 1984 are today somewhat more vital than the remaining ones appears to be just. And even though it is difficult to measure exactly to what extent the introduction of the aforementioned law plays a role in all this, it surely is not without effect.

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UNAVAILABILITY OF POLISH TRANSLATIONS OF ECONOMISTS LAMENTED

Warsaw ZYCIE GOSPODARCZE in Polish 22-29 Dec 85 p 11

[Article by Irena Topinska: "From the Point of View of the Past 17 Years"]

[Excerpt] We could continue to analyze the topics which were awarded for a long time yet. However, perhaps it would be worthwhile to take a look at them from a somewhat different point of view while asking which trends, from among those that are considered important and well-known, were not singled out for distinction. Thus, for example, the "Cambridge school of thought" is not among those honored--no one to represent this post-Keynesian trend in the economy and at the same time, one which refers to Marxist and Ricardian tradition. Awards passed by probably the best known representatives of the theory of growth (Harrod and Domar). The nonmarket economy is for all practical purposes missing from the list of awards while centrally steered systems have been totally "forgotten."

It is, of course, difficult to confirm the reason for these "blank spots." Did they come about totally by chance or did a certain tendency on the part of the academy (or perhaps of the [nominating] committee) reveal itself in this way toward singling out work related to the market economy--and this, in a rather liberal way and form? Assar Lindbeck points out that the preferential treatment of certain trends is not the result of some sort of intentional policy but is only a reflection of the current state of research in the field of economics.

Polish Editions

Not all Nobel prize winners won owing to their world renown theories as, for example, Samuelson, Hicks, Hayek or Friedman--at least in the case of the international community of economists. This should not be surprising considering that awards are not given for possessing a famous last name. However, if an average Polish reader would like to become acquainted with the output of the particular laureates--those more or less well-known--he will not always be satisfied. The case of Polish editions of the work of Nobel prize winners is not, to be sure, the worst but in certain instances, it looks strikingly bad.

Eleven laureates (Arrow, Hicks, Kantorowicz, Klein, Kuznetz, Leontief, Myrdal, Samuelson, Simon, Stone and Tinbergen) have seen the Polish translation of one

or several books come about. It is possible to eventually get a hold of, though with great difficulty and sometimes simply by chance, the Polish editions of the work of the following seven economists (Frisch, Hayek, Lewis, Mead, Ohlin, Stigler and Tobin). And what about the remaining ones? Particularly, the inaccessibility of the works of Schultz and Friedman and for all practical purposes, also those of Hayek and Lewis seems to be disquieting. These are commonly known authors who express themselves on current issues of interest to everyone. Why not make it possible for every student of economics to acquaint himself with the views of Hayek in a discussion with Lange? Why should the average reader not find out something about positive economies, about finances or the "human capital" concept?

It would be desirable for the world of economics to stop being accessible only to professionals so that everyone could read in Polish at least some of the work of all the Nobel prize laureates.

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REFORM SEEN AS THREATENED BY CONSERVATISM

Warsaw ZYCIE GOSPODARCZE in Polish 10 Nov 85 p 12

[Article by Janusz Ostaszewski: "Against Harmful Alliances"]

[Text] The cream of the crop of Polish economists gathered in Katowice at the most recent conference of the Polish Economic Society is faced with a difficult task. The society has taken upon itself the role of a collective expert and consultant and at the same time, it has proclaimed a motto that the reform cannot fail. Therefore, the Katowice deliberations must produce a clearly and directly formulated assessment of the reform process as well as concrete proposals of action which this process would continue further.

If the reform could occur as a purely economic process and if it could come down to the imposing upon management of rules and regulations specified by laws and an economic account exclusively, the matter would be simple. It appears that a portion of fervent advocates understands it [reform] in this way but so does a part of the staunch opponents. Some appear to overrate the possibilities of self-regulation whereas others are hooked on a mirage of the omipotence of the institution of state and believe solely in centrally conceived regulations introduced by dictate.

Because we have tested thoroughly and at the same time painfully the ineffectiveness of activity based on the second of the aforementioned ways of thinking--we dismiss it. However, careful thought also prohibits the testing of the first method directly on live, as it were, human beings. Above all, because it is a truism that reformation is a social process. Therefore, from this issues forth the system of influential forces on the success of reform formulated by sociologists a rather long time ago.

Pure self-regulation, to say nothing of doctrinal considerations, would have to, after all, result in a drastic unsettling of the social feeling of security. If the reform were to strike too drastically against the quality of life of large social groups, then a sharp protest could be expected against such methods and policies which led to its [reform] introduction. Therefore, in anticipation of such a scenario, policies must steer a middle course between coercion and donation and play by compromise. In effect, therefore, the reform takes on a rather clumsy shape--it is not fully consistent and as a result not fully effective.

However, it is a fact that currently we have a situation in which policy appears to be giving in under the pressure of conservatists, who not feeling a strong bridle, are ready to take us to regions which are even more crisis causing than those proposed by radicals. Therefore, we find ourselves in a period in which it is becoming increasingly more difficult to protect ourselves against the fear that something has already been muddled and that we are threatened with long-term stabilization on a minimal level.

Will the voice of economists be capable of turning the scale so that the reform could not be unsuccessful?

Compromise has given rise to a situation in which an alliance of the weak has come about. Prof Wladyslaw Baka expressed this very clearly in a commentary entitled "The Most Difficult Thresholds" published in the 62d supplement of RZECZPOSPOLITA--"Economic Reform." This refers to the alliance of weak cadres on the central level, which do not have the ability to find solutions in accordance with the new rules of the economic game, with weak cadres in enterprises, which do not know how to use their imagination, initiative and resourcefulness without having them imposed from the top. This pact of the weak hurts the reform and is gaining strength. It is capable, by circumventing or downright breaking legal principles and political declarations, of winning over using the old carrot on a stick method, those portions of large social and professional groups that also are not very disposed toward taking the risk of competing for better wages for better work and assuming the risk of self-government and its consequences.

Therefore, it is the obligation of economists to warn policy about the consequences of this alliance, although, this will not be an easy task.

It so happens that the driving force in this pact of the weak are people, who surrounded by an aura of supposedly precise thinking, have an unrestrained tendency toward the mechanical shifting of technicalist rules and regulations onto social life. Economics is not an exact science and its voice sometimes seems weak in the face of loud statements that two plus two equals four. However, this is not the case in this specific addition; such a formula is false and economists must find convincing proof of this.

There are two large professional groups which cooperate with each other on the bottom as well as on the top rungs of the ladder which regulates economic life. These are engineers and economists. In discussions that are carried on between them, they speak to each other on two different wavelengths and instead of coming together and synthesizing, their ideas separate and go in opposite directions. At the same time, however, these groups can have a decisive influence on whether the reform will be a success. Therefore, in order to assure the success of the reform, it is the task of economists to work out a plane of understanding and a platform on which an alliance in the interest of the reform, in the interest of the future of us all would be possible. The Katowice forum could do quite a lot in this regard; begin a dialogue that would unify accounts. After all, it is a question of obtaining a minimal level of social losses from this accounting. Separate settling of accounts, forcing one's way alone toward recognition by adhering to the binding stands of one or the other group leads to nowhere.

Therefore, an alliance of the strong is necessary. Only then will the voice of economists not be suspended in midair again as had been the case so many times before but will become a determining factor for decisions which will outline the future in colors brighter than is the case now.

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PRIORITY URGED FOR MANUFACTURING OVER EXTRACTIVE INDUSTRIES

Warsaw POLIMERY in Polish No 4, Apr 85 p 164

/Text/ We have never overemphasized the fact that our industry is aging. Of course, we were referring primarily to chemicals, but not only to them. Especially since our lag in development is something of which all strata of society are finally becoming aware. But there are industries which are even more behind than the chemical industry.

I do not know if anyone has calculated a kind of "backwardness coefficient," or what kind of criteria he might have used. Perhaps it could be a comparison of the dates when we and our rivals began certain kinds of activities, perhaps it could also be the basis for calculating how much time (and time is money) we would need to catch up with our competition, which also would not be standing still. In time even our most modern enterprises puchased abroad will not be as good as supermodern ones. The plans of our factories could be simply copies of our competitors' enterprises. But if only we had in our desk drawers at research centers continually updated projects, always ready to be put into operation... Dreams do not cost anything.

Obviously, even the best projects are not enough if we continue to use outmoded procedures, organization, and generally accepted industrial priorities. We must learn to be frugal, to be efficient, to live with pencil in hand. Let us free ourselves of the mentality of raw material suppliers, especially since our supplies of raw materials in many cases are coming to an end, not to mention the fact that our deposits are becoming even poorer, and therefore more expensive. Even our coal deposits are not inexhaustible, and they are getting deeper and deeper, and therefore mining them is becoming more and more costly.

We must give priority to manufacturing over extractive industries: to finished over semi-finished products, to semi-finished products over raw materials. We must encourage the development of the chemical industry, modern electronics, computers, nuclear technology, and other industries which are just emerging, e.g. genetic engineering, etc.

As a model we could take Finland: a wealthy and industrious country, although poor in raw materials. Aside from rock, water and air, the Finns have only one raw material: wood. But both they and the rest of the world know that they have to begin economizing on wood.

Let us try to be Finns.

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ECONOMY POLAND

HIGH HOPES FOR CYCLOHEXANONE PLANT EXPORT SALES

Warsaw POLIMERY in Polish No 4, Apr 85, p 165

[Text] The more than successful start-up of a cyclohexanone plant in Strazke (Czechoslovakia) built by Polimex Cekop has aroused the interest of specialists from many countries. It should be recalled that this technology was created by scientists from the Institute of Industrial Chemistry and from the Nitrogen Plant in Tarnow; they are responsible for many new inventions.

In a move unrelated to the plant in Strazke, the Spanish firm "Productos Quimicos del Mediterraneo" has hired our specialists to modernize a similar plant built by the Swiss firm "Inventa." Incidentally, with regard to the Polish technology, the Swiss cautiously expressed the opinion that it holds no promise for the future (especially for sale abroad). After the beginning of cyclohexanone production in Polish plants and the start of construction of the Strazke, the Spaniards concluded that their original technology (i.e. the one based on the Swiss plan) is not as advantageous as the Polish one.

In view of this, the Spanish firm to completely rebuild the production unit, which was operating under rather difficult conditions, oxidation under a pressure of 1 MP at a temperature of 100°C. The modernization led to a reduction in consumption of raw materials and prevented the accumulation of sediment during production. When the modernized plant began operation in the summer of 1983, the results were so good that the client waved his right to test the product.

The next Polish cyclohexanone plant will be built in the Soviet Union. There are hopes for increased sales of licenses, especi[illegible] the capitalist countries.

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ECONOMY POLAND

BRIEFS

REDUCING NEED FOR IMPORTED PLASTICS--Felt factories in Lodz, the Scientific Research Center for Rubber and Vinyl Products in Oswiecim and the "Chelmek" Southern Leather Factory have jointly developed a type of adhesive material for producing so-called stiff toes and heels to replace imported thermoplastic materials. By the end of 1984 the Lodz factories were to produce 15,000 square meters of material for "Chelmek." In 1985 deliveries will amount to 200,000 square meters, thanks to the installation of a new sewing machine bought with funds from the parties concerned and ministrial allocations. Those 200,000 square meters will be worth 350,000 dollars. Total consumption in Poland of stiff materials amounts to 550,000 square meters. More cannot be made until a new carding machine is installed. Carding machines are being built by "Befama" in Bielsk-Biala, and will not cost any hard currency. Other shoe factories are also interested in this invention. [Text] [Warsaw POLIMERY in Polish No 3, Mar 85 p 123] 9970

IMPORTED DENTAL MATERIALS CUT--Among the new discoveries of the Scientific Research Center for Rubber and Vinyl Products in Oswiecim, of particular interest is the solution to the problem of dental materials, which hitherto have been imported from the U.S. and are very expensive. Incidentally, the Mifama company of Milan has bought the license. The head of the Center's production plant, Dr Ludwika Wlosinska, produced a material which closely meets requirements. Due to the small scale of production (around 30 tons per year), Oswiecim was unable to cope with the task, but the Synteza cooperative in Poznan took an interest. Production began in August 1984. The cost of production, according to calculations of the Oswiecim Center, is about 600,000 zlotys per ton, while the foreign supplier charged 1,700,000 zlotys per ton (in dollars). This is clearly a very profitable business, especially since no country in the socialist bloc (except Czechoslovakia) produces dental material of the same quality as that of Synteza; even the Czechoslovak material does not meet the standards of the American prototype. Encouraged by this success, the Research Center in Oswiecim has started work on developing further materials of this kind. [Text] [Warsaw POLIMERY in Polish No 4, Apr 85 p 165] 9970

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CONTINUING FRAGMENTATION OF ECONOMY REVIEWED

Belgrade NEDELJNE INFORMATIVNE NOVINE in Serbo-Croatian 10 Nov 85 pp 22-24

[Article by Scepan Rabrenovic: "Nations and Economies"]

[Text] Last week in Sarajevo, Yugoslav economists spent two days arguing about whether national economies are suitable for Yugoslavia or not. Sarajevo was overcast and cold on those days, and freezing at night because of the reduction in electricity, so that little could be seen of the Olympian glow that is still said to illuminate this city and its residents. This reduction in electricity was evidence of how much many divisions in Yugoslavia have gone too far, even in those economic and technical systems which are after all indivisible in other countries -- energy, for example.

Two days before this discussion, the Social Accounting Service of Yugoslavia published the fact that only 0.29 percent of investment funds crossed republic and provincial borders.

In spite of the large number of economic facts presented in this discussion, our impression is that it was more ideological than economic. Not by chance: we seem to be living in a time of total ideology. Not only the basis of industrial production was ideologized, but also the rain that fell in Sarajevo on the second day of the discussion, since it indicated that the reduction in electricity might end and thus contribute to rectifying many divisions.

When the Institute for the Study of National Relations of the Central Committee of the League of Communists of Bosnia-Hercegovina, which hosted this discussion, publishes all of the proceedings, everyone will then be able to convince himself that the ideological divisions that occurred in this discussion are in fact the same divisions that occur when discussions are started about changes in the economic and political systems.

Nation and State

Most of the misunderstandings and disagreements occurred after the statement by Dr Hasan Hadziomerovic, who said that the very concept of national economies elicits psychological reactions to nationalism, "but if one bears in mind all the positive values of the nation, then it should be used boldly," since "the republics and provinces arose as a historical form of the solution

of national issues." In spite of the principle that every national economy has its own account, Hadziomerovic continued, a national economy does not have to be closed, and it does not have to be against rational systems: "The state as an institution is one thing, and the nation is something else. The nation remains if the state fades away. Under our conditions the republic reality is taken from national reality."

In response to a question from Dr Franc Cerne, "Then how was Bosnia-Hercegovina created in accordance with national composition?" Hadziomerovic replied, "There were reasons when one state was formed in that region, since historically three peoples have lived in that region."

For Dr Stjepan Lovrenovic -- who was not the only one at this discussion to defend this thesis-- it is more correct to speak of the economies of the republics in the economic system of Yugoslavia, than of national economies: "The republic economies are not anything new; they were even provided for in the 1946 Constitution, but their autonomy, especially in the area of the economy, has been hindered by the centralistic functioning of the federation. The sovereignty of the republics would be merely in name only without economic sovereignty."

For Dr Dusan Icevic, Yugoslavia is a "conditional federation," and "the national economies are maintained by the state ownership of national capital," while the existence of separate republic monetary-credit systems, and even republic anti-inflation programs, is viewed by Dr Ksente Bogo[illegible]v as proof of the nonexistence of a unified Yugoslav market in this country.

"It does not matter to the working class whether it will be hired by a capitalist, the state, or a political-bureaucratic authority," said Dr Zivko Surculija.

For Dr Zoran Pjanic, the rector of the University of Belgrade, who delivered the opening speech in Sarajevo, there is no dilemma: "Either national economies exist, and then the view is valid that there is exploitation of one nation by another, the less developed by the more developed, which is after all our official position with respect to the international economic order, or we are a unified economic region in which republics (and provinces) exist on the political level, which means that regional problems become stronger, but they do not exceed their normal bounds."

On the Exploitation of the Nation

According to Pjanic, after the 1974 constitutional amendments that provided two principles, the sovereignty of the republics and the unified Yugoslav market, the possibility of a conflict between these two principles was left aside. Since that time the term "national economies" has been used, but it cannot be adequate for Yugoslav reality, "since only one republic is nationally homogeneous, in four one can identify a majority presence of one of the peoples, and in the last one, the sixth, it is not even possible to do that."

If one examines the main economic trends in Yugoslavia over the last 10 years, Pjanic says, because of the suppression of the commodity economy and the condemnation of the market method of association as a remnant of something old and obsolete, and because of the unsuccessful attempt to resolve the pluralism of self-managing interests through a universal system of consultation and agreement, room has been cleared for the emergence of etatism, especially republic and provincial etatism, and the use of the term "national economies" represents an aggressive attempt to defend republic and provincial etatism, which is based on weak theoretical foundations and is not successful in concealing its nature: "In many respects the situation in Yugoslavia resembles a common market, while the remains of the unified market make possible persistent transfers between regions that are not based solely upon greater productivity, but rather upon a monopolistic position, and many other things."

And it is precisely the fact that out of the entire Stabilization Program only one part has been implemented, the realistic valuation of money through interest rates and the realistic valuation of the dinar through the exchange rate, Pjanic says, that has led to a transfer of income to the republics that had more social capital in monetary form and more foreign exchange.

Another method that allows a transfer of income to the developed republics is price disparities, and thus also disparities in wages: "Since this unequal distribution of personal incomes also has territorial characteristics, it becomes clear why some areas have offered such strong resistance to the idea originating from the highest political bodies, concerning recognition of the duality in the position of working people in self-managing socialism, as a result of which their personal incomes should have two sources: one that is measured by their contribution as producers, and that cannot have any other definition except that the same income is obtained for work that is equal in quantity and quality, and another that is derived from their role as decision-makers in the economy, as those who replaced the capitalists, and that is measured according to success in preserving and increasing social capital. The application of this idea would certainly lead to a redistribution between industries and territories, but the results at the level of the entire country would be positive."

Does a Serbian National Economy Exist?

Dr Zoran Popov said in Sarajevo that the problem of the unified market does not exist, and is not explained, in any foreign economic literature, much less terms like "strengthening the unity of the market" or "disrupting the unity of the market." This concept appeared for the first time in Yugoslavia in the 1974 Constitution, but before then the unified market was implied.

Popov explicitly asserted that the economic sovereignty of the republics cannot be reconciled with the unified market.

If national economies exist, Dr Ljubomir Madzar said, then one must raise the following question: what is the national economy of the Serbs, if one knows that they live in Serbia, Vojvodina, Croatia, Bosnia-Hercegovina, Montenegro, and Kosovo?

From the most superficial angle, Madzar claims, it appears that the republics and provinces behave similarly in implementing economic policy, regardless of the degree of national homogeneity, and attempt in the same way to protect their own economic interests: "Nationally heterogeneous communities, like Vojvodina and Bosnia-Hercegovina, behave like the nationally homogeneous communities. The Serbs and Hungarians in Vojvodina act in a united manner, while the membership in the same nation of Serbs from Vojvodina and Serbs from Serbia is no obstacle at all to their taking fundamentally different positions on major issues. It appears from this that the behavior of the republics and provinces is not determined by nationality, but rather by economic-systemic solutions."

In spite of the great differences in development and the interests derived from this, Madzar claimed, it can be said that workers, peasants, and part of the intelligentsia are not interested in divisions in the country. The ones most interested in divisions are the so-called political vanguard, which has been joined by part of the intelligentsia, namely the part that, like the political vanguard, viewed division as a chance for its own social advancement. This is the reason for so many educational, cultural, scientific, and other institutions: "The role played by the political vanguard in the divisions is very important, since the social standard of living in the individual parts of the country depends, among other things, upon the extent to which the political vanguard fights for corresponding growth -- to a considerable extent at the expense of others. Since it is divided in accordance with the logic of republic and provincial borders, the political vanguard has to a certain extent divided the people themselves."

How Much Do the National Economies Cost?

Dr Risto Vukcevic, speaking about the divisions, emphasized that a rational process of production cannot exist within the framework of one country, no matter how large and well-developed, and Dr Dragoje Zarkovic commented that the national economies, after the foreign and domestic debts, are the country's greatest problem, costing about $2.5 billion each year, i.e. approximately as much as the annual interest on foreign credits.

In response to a question about why there are national economies in Yugoslavia, Zarkovic said, "The Federation, in the period until 1971 or 1974, did not create equal conditions for doing business -- earning and distributing income. Some industries were privileged in many respects, and others were in a very unfavorable position. In our complex conditions, this had to have a territorial and national dimension. The differences in the degree of development of individual republics began to be intensified, and this led to the disillusionment of those who were affected, and even to an increasingly greater dissatisfaction with the federation."

Zarkovic concluded his statement as follows: "Are we in the position of the sorceror's apprentice who knew how to let the devil out of the bottle, but not how to put it back inside?"

There were assertions at this discussion that everything that had happened was a consequence of the "low awareness and insufficient knowledge of our people,

and so the centers decided without them." Such assertions are in fact an alibi for the mistakes of all the centers of economic and political power.

[Boxed article by Kiro Gligorov: "Predominance of the State"]

[Text] When one discusses the problem of "national economies," the following items determine their nature under our conditions.

a) the commodity nature of our economy,

b) the arbitrary determination that economic relations take place in a unified Yugoslav market,

c) the inevitability of an increasingly more rapid participation in the world market, which is still stressing the third technological revolution as a condition for the progress of each economy,

d) the earning and control of the real product is the right of numerous economic subjects, based on market verification of the results achieved. In accordance with this, economic equality should be reflected above all in the fact that the economic subjects are the ones who should be the main factors in this process. The rights and duties of all sociopolitical communities are derived from this, and they affect the smaller portion of the social product that is intended for general and community needs. This applies to both republics and provinces. Their rights to guide the economy in a unified market contain measures of economic, social, and development policy, if these measures are not under the jurisdiction of the federation (general business conditions). Everything else is in the sphere of the full free association of economic subjects in the unified market, on the basis of "market justice" and the solidarity of the working class in regard to correction of the consequences of the market that are not in accordance with the nature of the socialist self-managing system.

Thus, there can be no usurpation of income and the surplus of labor by the nation, and if there were no mixed composition in all the republics and provinces, this could not even be done by the republic state in the name of the "nation."

When this is mentioned and one has insight into this, one can demystify the concept of the national economy, and the concern of the nation or its state for controlling the surplus of labor and ensuring the economic equality of all federal units, i.e. all peoples and nationalities. This concept can be reduced to the natural interest of each sociopolitical community in ensuring as successful as possible a development of the economy on its territory, through methods and means of an economic nature, while taking into account the fact that the main economic subjects are the factors who should control the income earned in their own best interest, and this, it will say, is also in the best interest of their narrow social community and of the entire Yugoslav community.

Any other treatment of national economies throws open the door to etatism, the expropriation of economic subjects and self-managers, with voluntarism becoming the main means of regulating economic flows. Relations among economic subjects lose their economic and market nature, while national interests are used to conceal an etatist encroachment upon workers' incomes and the surplus of labor. There is only a small step from this to a call for everyone to stand behind the "national interest," as it is seen by the bureaucratic and etatist structures, and to oppose other such "national interests." This has been frequent in practice.

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DELETERIOUS EFFECTS OF INVESTMENT IN STOCKPILING NOTED

Belgrade NEDELJNE INFORMATIVNE NOVINE in Serbo-Croatian 17 Nov 85 pp 18-20

[Article by Branko Colanovic: "Misuse of 'Monetary Illusion'"]

[Text] How do stock reserves wreck the standard of living? A restrictive policy could yield results only under the condition that a larger number of workers lose their jobs. And that is not possible in our country.

Investments in working capital have become greater than investments in fixed capital. As things progress, the economy will suffocate under the weight of stock reserves.

The disproportionately high level of working capital is proof of a profound breakdown in the structure of economic forces. The objectively large amount of unnecessary stock reserves contributes to low production. The consequences for the country's financial balance are quite serious; the balance of payments suffers and inflation is sustained.

If they have grown exorbitantly, all forms of working capital are equally undesirable. Assuming that purchasing departments anticipate accurately, excessive stock of raw materials or semi-finished products is a consequence of the unsettled state of the domestic economy, the unreliability of cooperative ties, disorderly imports, etc. The excessive level of uncompleted production has the same cause, although its roots may be in the weaknesses of the organizational and technical guidance of production. The overfilled warehouses of finished goods are a consequence of weakness in planning and commercial services, of the poor quality of the product, of high selling prices and other things, but here as well the failure of economic policy, its inability to bring together in a well-organized operation all the factors that determine the speed of working capital, has a considerable influence. In short, to the extent to which the actions of the internal economy of enterprises do not rest with high-quality manpower, and if economic policy is wrong, the paralysis of working capital is inevitable.

During the five-year planning period that comes to an end this year, the share of economic investments in fixed capital in the realized social product

continually fell while the share of investments in working capital rose steadily. This variance has developed into a paradox.

Table. 1

Year	Fixed Capital	Working Capital
1980	24.3	10.0
1981	21.5	13.3
1982	20.2	13.1
1983	16.4	14.3
1984	16.1	14.5
1985 (estimate)	14.5	15.5

It can be estimated conditionally that a share in the social product of about 25 percent for investments in fixed capital of the economy corresponds approximately to what is necessary in our current stage of development. In this sense, 1980 satisfied the criteria. However, the period that followed must, from the point of view of an appropriate policy of development, be considered entirely unacceptable.

In 1980, investments in fixed capital of the economy were nearly 2.5 times higher than those in working capital. In 1985, fixed investments will be almost seven percent less than those in working capital!

Portrait of a Five-Year Period

Assuming that the quality of manpower in the economy is not worse at present than it was 5 years ago and that the potential performance of the internal economy of enterprises is not lower, it must be concluded that the causes of stagnation in such a large part of the country's social product, in the form of unproductive working capital, lie in the inappropriate development of the economic system and in errors in economic policy.

A portrait of the five-year period from 1981 through 1985 with respect to the evolution of the social product and its distribution is as follows: social product stagnates because its average annual rate of growth is only 0.8 percent, which is the rate at which the population increased; investments in fixed capital in the social product drop in absolute terms from year to year, since they amount to some 930 billion dinars in 1980 but only 550 billion in 1985 (at 1983 prices). All other aspects of consumption fall sharply; only investments in working capital climbed by leaps and bounds; the net amount of foreign exchange of goods and services adds about 8.4 percent to the country's 1980 social product, and about 5.4 percent in 1985; thus, the available resources for consumption this year are about 9.5 percent less than in 1980.

Changes in the use of the (stagnated) social product can be seen more clearly in this table, which shows individual aspects of consumption in the social product (in percentages):

Table 2.

Category	1980	1985
Personal consumption	53.2	48.3
General consumption	5.2	4.8
Communal consumption	3.9	3.8
Fixed investments in economy	24.3	14.5
Working investments in economy	10.0	15.5
Non-economic investments	9.4	5.8
Statistical error	2.4	1.9
All consumption	108.4	94.6
Foreign trade balance	8.4	-5.4

One of the critical data in this table relates to the foreign trade balance of goods and services. The sum total of trade noted in this table in 1985 compared to 1980 amounts to 13.8 percent of the social product. In simple terms, this means that compared to 1980, we have, in relative terms, that much less available capital for consumption this year.

Question: In the absence of these resources, what aspects of consumption has economic policy curtailed?

Thesis: It has had to cut domestic consumption, but not to the extent that it has in fact been done; the share of personal consumption in the social product in 1985 is less than that of 1980 by 4.5 "index points," while the share of investments in working capital is larger by 5.5 "points"; non-productive resources have swallowed that amount lost by personal consumption.

Let us look at this trend in the light of actual figures.

In 1980, available resources for consumption amounted to 4.375 trillion dinars (1983 prices), to which the domestic social product contributed 4.039 trillion and the balance of foreign trade 336 billion. In 1985 (estimated, at the same prices), the social product is 4.195 trillion, but the available resources for consumption are only 3.968 trillion, since the foreign trade balance, amounting to 227 billion, appears as a debit, as a result of foreign debt repayment obligations. The reduction in general consumption, communal consumption, fixed economic investments, non-economic investments and "statistical error" (!) adds up to 533 billion dinars, thus nearly the same amount as the lagging "contribution" of the foreign trade balance in goods and services (563 billion).

In contrast to all this, investments in working capital are larger in 1985 than in 1980, by 248 billion dinars, absorbing four-fifths of the increase in social product and the entire absolute drop in personal consumption as noted above, amounting to 122 billion dinars.

This is perhaps difficult to understand, or when it becomes clear it is very unpleasant.

The increase in working capital (stock reserves) has not been of use to anyone. If the coefficient of working capital in the Yugoslav economy was already unsatisfactory in 1980, it was inadmissibly worse in 1984 and 1985. Over the course of 5 years, as we have said, real social product increased at an average rate of 0.8 percent, while investments in working capital rose at a rate of more than 11 percent.

Let us for the moment set aside the unquestionable truth that we have had, in the available factors of production--including the country's objective foreign exchange potential--at our disposal all the materials and human conditions necessary in order for social product not to stagnate. Had we known how to, or been in a situation to take advantage of these conditions, the growth in social product would have had to be sufficient to neutralize the unfavorable effect of the altered foreign trade balance in goods and services and to make a large part of the sacrifices and self-denial in the area of consumption unnecessary. However, we will raise a question here: why have we arrived at such an unnatural expansion in working capital and are we aware of the extent to which this giant tumor is dangerous to the body of the economy?

Erroneous Strategy

Institutional causes are, at least chronologically, first in line. To the extent to which the so-called national economies of the republics and provinces have finally taken shape as isolated units, thanks to the constitutional changes and the well-known "system laws," with obvious aspirations towards autocracy, it had to become clear that the market cannot be united to the necessary degree. Its crisscross pattern, the subordination to republican and provincial authorities with respect to prices and personal income, import rights, commodity reserves, the covering of losses, bank capital, the utilization of foreign capital, etc. in itself had to lead the greater creation of stock reserves, in view of the nonconvertibility of the dinar. As a consequence of this, it was necessary to pay a heavy price, either with respect to personal consumption or to the competitive abilities of the Yugoslav economy in international affairs.

However, the current economic policy has caused this price to be even greater. Its distinctly restrictive character, which is in fact an erroneous anti-inflationary strategy, is leading investments in working capital towards hypertrophy.

The remedy for the rapid rise in inflation in the period from 1979 to 1982, as well as for the increasing difficulties in the balance of payments, was sought in the limitation of all forms of domestic consumption, along with a reversal towards the export trade. Unfortunately, this medicine turned out to be inappropriate for Yugoslav circumstances. It was not difficult to achieve a reduction in domestic consumption, but for that reason the social product fell into stagnation, exports were diminished, and inflation rose.

Unacceptable Way

The restrictive economic policy began several years before the famous action by the International Monetary Fund, which was linked to the organized,

international deferment of Yugoslav debts. Compared to 1980, 1981 saw a reduction in personal, general and communal consumption, as well as in non-economic investments and in economic investments in fixed capital. The only increase was in investments in working capital! And this was repeated for the most part between 1981 and 1982! During 1983, the International Monetary Fund appeared on the scene. Before that, we had already seen how strongly the cut in imports contributes to the deadening of growth in social product, and in this way to an absolute fall in exports.

All these drastic turnarounds turned out to be detrimental to the normal functioning of the economy. The economy's links with material and energy supplies, either from domestic sources or from imports, its cooperative ties, its collaboration in the marketing of exports, etc. were thrown into disorder or even discontinued entirely.

The restrictive economic policy might have had some positive results if its program had allowed for the widespread firing of workers. Fortunately, a way such as this is unacceptable to us.

Indeed, for understandable socio-political reasons, new employment has continually progressed with great intensity. In the period from 1981 to 1985, employment in the social economy grew at an average rate of 2.4 percent, three times higher than the social product. It is true that it might have been better to turn to the development of agriculture, including on an individual level, as well as to the development of the small economy, where it would have been possible to bring about significant new production and employment, but that is beside the point here.

The controversial trend whereby personal consumption, as the driving force in the distribution of social product, is continually falling, both in relative and absolute terms, and whereby the number of those employed in the social sector is steadily and appreciably on the rise, has led to substantial changes in the situation of both the working man and the citizen.

Although the number of inhabitants, employees and pensioners is rising, all forms of income by the population are for the most part falling in absolute terms. This can be seen from the following table depicting figures in billions of dinars, according to 1983 prices:

Table 3.

Net personal income, etc. in the social sector	1,487	1,310
Pensions, disability, etc.	414	340
Personal income in the private sector	217	199
Funds from communal consumption and credits	174	93
Income from abroad	318	271
Natural consumption	195	206
Other income of the population	99	428
Total income of the population	2,904	2,848

If there had not been enormous growth in "other" income, in which the primary jump was due to revenues from interest on savings and to variations in the exchange rate, it would have been difficult to conceive of a balance in the income of the population. Indeed, this "other" income practically made up for the entire real drop in those forms of income of the population that were subject to the restrictive economic policy; namely, personal income, pensions, disability and funds from communal consumption and credits. However, there are two serious distortions present in this. First, the growth in income from interest and variations in the exchange rate was paid to the population by the economy. Secondly, this income fell to the holders of savings accounts and of foreign currency reserves, sustaining a serious degree of social disintegration.

Naturally, it appears that employees, pensioners and other citizens should request compensation for such a substantial drop in their real income from normal sources. If, for example, the average employee in the social sector of the Yugoslav economy has in 1985 had 25 percent less real personal income than in 1980, he will certainly be deemed eligible for any possible compensation. He will apply for it first of all in his own property, diminishing interest, which has been falling in real terms for several years, or subsisting from housing investments, non-productive services and the like, where we also see a drop in 1985 compared to, say, the three year period from 1980 through 1982. But he will similarly endeavor to actualize a second, "special" compensation, either by curtailing his work hours in order to work on his farm or in unregistered trades, or by renting out a room to foreigners or dealing illegally in acquired foreign currency, etc.

But if, amidst a stagnating social product, all this does not offer possibilities for compensating for the drop in real personal income, there remains yet another way out, even if it is of a transient nature. Under the weight of socio-political circumstances, it will seem opportune for real personal income to increase through the rapid, universal raising of nominal values. The results of profitable business, a turnaround in income, productivity, etc. can be realized on the side!

We are observing just such a phenomenon in the middle of this year. The following table indicates the index of real, net personal income per worker:

Table 4.

Region	January-June 1985 compared to January-June 1984	June 1985 compared to June 1984
Yugoslavia	98.1	101.4
Bosnia-Herzegovina	98.2	100.8
Montenegro	99.7	97.0
Croatia	96.8	97.8
Macedonia	93.4	93.4
Slovenia	104.2	110.8
Serbia total	97.3	101.3
Serbia proper	98.7	103.1

Kosovo	99.2	102.1
Vojvodina	93.5	96.6

The phenomenon gains in proportion. If the period from January through June of this year is compared to the same period last year, only in Slovenia is real, net personal income per employee greater than last year, and there it is very substantial. But comparing June to June reveals that other areas are included in the same "process": Serbia proper, Kosovo and Bosnia-Herzegovina, while Slovenia registers growth of as much as 10.8 percent.

In this way, the restrictive economic policy becomes its own opposite. The reduction of "all forms of consumption" and imports has curtailed production and exports, but raised production costs. Severed trade connections have led to an unnecessary increase in stock reserves. The small amount of remaining space for personal consumption leads ultimately to a disproportionate growth in personal income.

Will the transfer of inflation from one republic or province to another continue? Will we eventually be left with the fact that, through the misuse of the "monetary illusion," we accept inflation as the only way to prevent dangerous socio-political crises?

Outlines of the new plans, for 1986 and for the new five-year period, foresee an abandonment of the policy of stagnating social product. But if these plans are just wishes, then we have already had them before. In order to bring about a shift in trends, towards rapid growth in production and productivity, it will in the end be necessary to change a great deal in both the economic system and economic policy. Or perhaps also in those parts of the political system that serve as a prerequisite for the vigorous economic course that we need so much.

12271
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BERISLAV SEFER DISCUSSES STANDARD OF LIVING CRISIS

Zagreb DANAS in Serbo-Croatian 19 Nov 85 pp 11-14

[Interview with Berislav Sefer, chairman of the Yugoslav Conference on Social Activities, by Djuro Zagorac: "Differences Without Limits"; date and place not specified]

[Text] [Question] Comrade Sefer, you were a vice president of the Federal Executive Council, and you are now a delegate in the SFRY Assembly, but you have never left the field of social policy: you are one of the few professors of "social welfare" in our country, and you are the chairman of the Yugoslav Conference on Social Activities. How do we stand, and what can we hope for in regard to social welfare?

[Answer] The standard of living as a whole, according to all of its indicators, is already declining for the sixth year in a row. The largest and most serious decline is in the real earnings of workers. They have been reduced by 30 to 40 percent; I would even say closer to 40 than to 30 percent. Furthermore, let me say that real earnings have declined more rapidly in social activities than in the economy. Although the joint needs have been revised, what we call the social standard of living, the share of education, health, culture, and science in the national income is now exceptionally low, and has reached the lower limit in all of its parameters. Today, we are allocating from 4 to 4.5 percent of the social product for education, and approximately the same for health care, and that is on the scale of the lower limit for Europe. Social activities have also been greatly impoverished, which has impacted heavily upon the quality of services, and this also affects the standard of living. Next, there is housing construction, the stagnation of which began much earlier; this stagnation is continuing, and as a social phenomenon, it is very serious. We speak of housing construction as an investment, but in fact this is a question of our not being able to break through the production barrier of 6 apartments per 1000 inhabitants. And until we are producing between 10 and 12, we will have a housing crisis. When we speak of the social side of housing construction, we should talk much more about the problems of the production of apartments, instead of constantly talking mumbo-jumbo about housing systems, as if the system should solve the problem of Yugoslav unproductivity or as if the foreign exchange system should solve the problem of the Yugoslav economy's ability to compete.

The decline in the standard of living is also being manifested in numerous other indicators, among which the growth of unemployment is certainly the most pronounced. The decline in the standard of living has also fundamentally reduced buying power, and thus also the extent of the satisfaction of people's general needs.

[Question] It is clear that the decline in the standard of living has a direct effect upon the social situation. What is going on with all of this, and what is shown by the research that the experts of the Institute for Market Research in Zagreb conducted for your Conference?

[Answer] The extent of the satisfaction of needs should not be viewed just as a phenomenon of living better or worse, but also as a phenomenon related to the very possibility of subsistence, especially for individuals and families. It is obvious that part of the population has reached a low, minimum level of the standard of living. One fact is very indicative -- more than 50 percent of the families in Yugoslavia are spending 43 percent of their total incomes on food, whereas if living conditions and the standard of living are well-developed this normally amounts to 20-25 percent.

[Question] What are the earnings of those surveyed like? Can those who are employed cover their current needs?

[Answer] Three years ago, 44 percent of the people felt that their incomes were enough to satisfy their needs. This year, however, only 5 percent think that their incomes are sufficient. And 19 percent claim that their incomes are absolutely insufficient. Between those with sufficient and insufficient incomes, 76 percent feel that their incomes are to some extent sufficient to satisfy their current needs. The sufficient and insufficient ones here are a negative indication, and accordingly, 95 percent of the households cannot satisfy their current needs with their current incomes.

[Question] What do those surveyed say about personal incomes? Are they encouraging them to work more and better? Are we becoming accustomed to economizing and increasing efficiency in family spending as well?

[Answer] Inflation is a source of extremely great social problems; on this scale it becomes tragically destructive. The first thing that inflation leads to is uncertainty in earnings. A man can work and slave like a horse, and then the money that he has brought home today is no longer worth as much as it was yesterday, since in the meantime something has become more expensive. And this ruins people's attitude toward work.

As for whether personal incomes encourage people to work, 21 percent answered that they did not encourage them enough, and 41 percent that they did not encourage them at all, since their earnings were not a result of work. Accordingly, a negative indication is given here by a total of 62 percent of the people.

The survey showed that the population is being affected in the first place by food prices, and in the second place by the cost of electricity; clothing and footwear are in third place, and only then comes gasoline. But there is also

rent, which is a social matter. And under such conditions, what do people do? Naturally, they have to economize.

They economize most on heating and light, and then on clothing and footwear. As a national average, however, as much as 30 percent of the population has answered that they are cutting back on food (and even 66 percent in Macedonia).

[Question] They say that in the crisis the skilled and valuable people are distinguishing themselves, and increasing their standard of living, but more than this, enlarging their property holdings, "becoming billionaires." Could you tell us how many "billionaires" we have, and who they are?

[Answer] The social differences are so great today, and so much is said and repeated about this, that one no longer has any desire to talk about this. It is a disturbing fact for society that we cannot say who the richest man in Yugoslavia is. In any well organized country, it is known who is richest and who belongs economically to the top stratum. They thus have a mechanism for measuring this wealth, but also for controlling it. But since we do not know this, we are free to say that there are 5,000 of them, but we can likewise say that there are 10,000 of them. We can say whatever we want. I think that this is a real area for social conflicts, but also social manipulations, and both are dangerous to society.

[Question] We see that many people are cutting back on food, and that the crisis is clearly evident. In these circumstances, two aspirations are appearing: to increase the differences in earnings, and even more bitterly, to reduce them. What do those surveyed say?

[Answer] Most people think that the social differences in our country are large, and that they are becoming immeasurably large. In 1961, 38 percent of the Yugoslavs felt that social differences were large, and in 1964 64 percent thought so. As the largest factor in creating social differences, people cite the Law on Prohibited Earnings, what we call acquiring income in a nonsocialist way.

As another factor in excessive social differences, people cite high personal incomes. Thus, under conditions in which objective analyses show that there is a trend toward a balancing in the area of real earnings, even these ranges are beginning to bother people, and this should be seriously taken into consideration.

[Question] There are more and more examples of people not being able to meet their most basic needs, and not being able to pay their current obligations. Is there any optimism, at least, that it will be better tomorrow?

[Answer] We already have the occurrence of poverty and a minimal existence among people who are working. This is no longer any sort of pose; there are people, especially in the cities, who are not able under normal conditions to support their families, and this means that they cannot even pay for rent, electricity, and heat. Someone who lives in the city today and is unskilled, and lives solely on these earnings, cannot maintain the obligations for

residence as they have been formulated, for example, in Novi Beograd, Novi Zagreb...

We built our cities for those who came to get an apartment even before they were in the city; we built for a high housing standard. And now, when personal incomes have reached a level more realistic than the one we once had, we are now faced with the problem that all of us together are having a hard time maintaining these economic criteria.

And how are people viewing the future? There is strongly pronounced pessimism. While in 1977, for example, 15 percent of the people in Yugoslavia predicted that their lives would be worse the next year, in 1984, that percentage of pessimists reached 63 percent in comparison with 1977. This pessimism is particularly associated with nonagricultural households, and thus with the working urban population, where expectations that their lives will be worse are even reaching 75 percent. It is my profound conviction that this is an indicator that should be believed, and that should be taken into account in measuring attitudes and in measuring the social situation.

[Question] What do those surveyed say about what they would be satisfied with in the next few crisis years?

[Answer] About 57 percent of the people think that their incomes should be up to 50 percent higher, so that then they could live somehow. About 9 percent of them are seeking incomes 50-75 percent higher; 16 percent of those surveyed are seeking incomes 100 percent higher, and 76 percent, more than that. If inflation is 80 percent, then it is clear that people have reconciled themselves to the present situation of survival, and that the extent of their aspirations at this moment is no more than having their incomes keep pace with inflation. And this again should be analyzed in particular, since if our aspirations as consumers begin to be satisfied if we remain where we are, then this is a very negative phenomenon.

[Question] When the crisis began, the predictions then were not as black as the reality we have experienced. What disrupted all of this, and what, in your opinion, are the main causes of the drastic decline in the standard of living and the increasingly more uncertain society security?

[Answer] The Long-Term Economic Stabilization Program, three years ago, assumed that a decline in the standard of living had to take place. The decline thus did not come as a disaster and a surprise. There were three reasons: the foreign debts and interest that had come due, the extremely high devaluation and the need for us to export more for the same unit of imports, and the fact that citizens' foreign exchange earnings abroad were no longer even close to being an abundant source. That was the objective reality.

The real decline in the standard of living, especially the decline in real personal incomes, was, however, far more intensive than one could have even thought and than was expected in any calculations. And no one could have expected such a long period of time, and no one did. And the worse thing, and the most disturbing, is that it is still not apparent that the unfavorable situation has been stopped.

[Question] Where was the mistake made, and by whom? Did we have to get into this situation?

[Answer] The extent of the disruption that we are carrying from the past is probably larger than was estimated. I personally think that the main cause, the main source of our problems, is an economic system that is not effective enough, that simply fostered and developed a very large number of investments. And if one looks at it a little more closely, it could be said that the main motive for development was investment. Unfortunately, such large investments were inefficient in terms of both income and foreign exchange, while millions of people moved from the villages to the cities, coming with the ambition of living better. These social changes created a large purchasing force that such investments were not able to support. I think that this element was underestimated even in the Long-Term Economic Stabilization Program.

I am deeply convinced that the present situation in the economy and social structure, i.e. in the standard of living as well, cannot be ascribed solely to these objective facts and circumstances. I think that current economic policy contributed a great deal to this situation, and that it is still doing so. In view of the situation in the economy and society, the Long-Term Economic Stabilization Program proceeded from the fact that it was necessary to carry out a certain number of one-time measures in a synchronized manner, and it warned that unsynchronized implementation could cause even more unfavorable consequences. That is written in the program. If anyone does not believe this, he should read it. But the actual tactic in implementing the stabilization program was measure by measure, drawn out over a period of time, not continuous, and often mutually inconsistent.

[Question] Many people say that we did not have realistic economic figures, starting with the inflated income. This is the reason for the motto of the current policy -- restriction of consumption. How objective is all this?

[Answer] The Long-Term Program was clear in the part about what would necessarily have to be restricted, but it was also clear in stating that this period should be shortened as much as possible and that the emphasis should be shifted to encouraging economizing and overcoming problems, and not through restricting consumption. And that has had an unfavorable effect as a tactic, as an approach to policy. That orientation was bad, unjustified, and unfactual.

Now people say that we did not have a real income, i.e. that we consumed the amortization. They cite several factors indicating that we did not have realistic economic figures that were the parameters for consumption. They cite the estimate that we lost $15 billion in unreal amortization. One can even agree with all this, but I must say that at the same time, in personal consumption, $60 billion in foreign funds, that were in this fund for personal consumption that we measure according to the nonsocial product, went into the pockets of the citizens. According to this, the citizens got four times more from abroad than the amortization that we consumed in the national income. Consequently, the question is which consumption was inflated by the unrealistic national income?

[Question] Is the answer known?

[Answer] I do not know the theoretical analyses and parameters and I have not heard of anyone doing them, ones that would objectivize the relationships of capital formation and consumption, and investments and consumption. I can present only two facts: when the problems began to occur, in 1980, Yugoslavia was in 30th place among 125 countries in terms of social product. In investments it was then in 5th place, and in general consumption, which we say was very high, it was in 30th place, i.e. in the same place as for income. But in terms of the rate of personal consumption we were only 102nd place. Among 66 oil importing countries Yugoslavia was then in 10th place in terms of social product, in 6th place in terms of investments, and in 12th place in terms of general consumption.

If someone spent too much, then it was the investments, which were beyond any realistic material capabilities, which even in the circumstances of relatively favorable living conditions depressed consumption and the standard of living and allowed consumption to increase more or less by the same extent as social changes occurred and buying power increased, and by the same extent as buying power abroad, but that of citizens, not the one for which we went into debt.

[Question] The realistic interest rate and realistic foreign exchange rate decided upon by the Long-Term Economic Stabilization Program have divided both economists and politicians. Who is right?

[Answer] The Long-Term Economic Stabilization Program was clear, and in regard to both interest rates and the exchange rate, there is no dispute about the need for them to be realistic. What is disputed is the way in which this has been applied.

Under conditions in which the economy was overindebted, and did not have any resources of its own, and under conditions in which inflation had already reached 30-40 percent, it is completely clear that interest was acting as a new input generating inflation. The road to realistic interest rates was the road to financial consolidation: rescheduling, several synchronized actions, and more moderate inflation in which this could be maintained.

The program clearly states that one should treat as a realistic exchange rate the difference between domestic and world inflation, or inflation in which we are primarily exporters, but no more than this.

It can be seen from many circumstances that these two elements have more or less independently become the framework of current economic policy, but it cannot be said that this was good and in the spirit of the economic stabilization program.

[Question] You are completely leaving out the external factor, our obligations to our creditors and the IMF?

[Answer] I have already said that we had to aim at appropriate restrictions in the area of consumption. International circumstances -- the suggestion of

tightening one's belt in order to send profits to those who loaned the capital and who shifted the entire risk to those who were the main users of this capital -- only strengthened this domestic orientation. This orientation lasted too long, and I even think that a conceptual approach to development is being created which is continually offering slower growth in joint consumption than in the social product, slower this, slower that. There is no such economic-reproduction law, except that we projected such a development policy and carried it out.

[Question] We know how things are for us. Tell us what we should do in order to improve things, to halt the crisis.

[Answer] No one has offered a better prescription than the Long-Term Economic Stabilization Program. It is still valid, but today it has to be adjusted to real relations. If we simply transferred everything done previously to a quite different situation, we would be making a mistake again. The step by step policy has never yielded results, and it has even stimulated the difficulties that we have. The argument used in defense of this tactic -- that the blow to the standard of living would be too great if all the measures were applied at once -- did not prove to be valid. During the period to date the blow was great, and we lost a great deal of time, without hitting the right target.

The main and central question today is whether we will get moving in the struggle against inflation, in the struggle for some kind of dignity for the dinar. In my opinion, this one-time act, which was advocated by the Long-Term Program as a momentary change in these relations, is inevitable. Appropriate price relations would have to be established, since this approach of changing things bit by bit, with the determination that all prices will increase, and that price parities will improve in this growth, only stimulates prices to run wild, the inflation that is of least benefit, for instance, to energy and agriculture.

We should thus start with one level and parity of prices, economically justified, and which we can maintain at this time, and one balanced exchange rate for the dinar. This should also be followed by a redistribution which would improve the relative position of the economy and inter-branch relations. These initial things, which should be done along with the financial consolidation measures, would offer a realistic basis for us to be able to do something at last. Another direction would be systemic changes, which would lead to a better general situation, and which could then provide better economic results. Only then could we take strategic steps in development policy, and the 5-year plan would select the goals but also the means to achieve them.

[Question] Surveys of the population in our country are not continuous; not much significance is ascribed to them, and few decisions are made on the basis of the views and attitudes of the population in the broadest sense. How reliable is this research on social position?

[Answer] I think that one should not believe people's answers 100 percent; each of us determines how he perceives and experiences his subjective situation. But one should also not ignore this information, which is vital for policy.

9909
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ECONOMIST BAJT DISCUSSES MISCONCEPTIONS ABOUT INFLATION

Belgrade EKONOMSKA POLITIKA in Serbo-Croatian 16 Dec 85 pp 25-27

[Article by Aleksander Bajt: "Why Not 0 Percent"]

[Text] Recently, the idea that inflation would be reduced most quickly and thoroughly by reducing interest rates has been disseminated more and more widely again. According to some articles, the rate of inflation could be reduced by one half in 1986 by cutting the present interest rates in half. In practice, this would be achieved by projecting inflation to be half of what it currently is, and tying interest rates to the projected inflation; this, with the assistance of direct price controls during the first half of the year, would make it possible to keep inflation at the rate thus cut in half during the second half of the year as well.

This is pure nonsense, a consequence of ignorance of the ABC's of political economy, either Marxist or bourgeois -- it is all the same. More precisely, it has to do with being incapable of even the simplest logical thought and deduction. In this article, I will show that a negative interest rate, especially an increase in it, not only does not reduce inflation, but also inevitably increases it. In fact, the negative interest rates after 1981 are mainly responsible for the inflation, and along with it, the general inefficiency of our economy, together with all of the consequences, such as the rarity of financing one's own investments, the great dependence of the economy upon the banks, the negligible pooling of funds, and the low mobility of capital in general. Planning a reduction of interest rates in 1986, i.e. an increase in their real negativeness, can be directly equated to planning greater inflation and an even less efficient economy.

To start with, here are one question and one fact, both of which illustrate the thesis of an incapability of the most elementary thinking. The question is as follows: if inflation is cut in half by cutting interest rates in half, why wouldn't it be completely eliminated from our economy by reducing interest rates to 0 percent in the same way? Why do the authors of the salutary medicine stop halfway? Or perhaps they know the reasons why bringing down interest rates affects only half of the inflation, and has no effect on the other half?

The information that will help us is from accounting. Specifically, the idea that the present high nominal interest rates are a cause of inflation is derived from a quite elementary mistake in our system of accounting. It considers the part of the interest that represents valorization of credits to be an expense. Only the part of the interest rate that exceeds the rate of inflation, however, can be considered an expense, and this is only an expense-income of the primary factor that is covered from income. For the most expensive part of our credits this is 1 percent, and for all of the credits of the banks (in 1984) it is exactly MINUS 43.3 percent! Could anyone, not to mention an economist, believe that an interest rate of 1 percent, or minus 43.3 percent, which it averages out to, is raising prices?

Since the part of the interest rate that is equal to the rate of inflation can be reduced to valorization of the credits, opposition to "real interest rates" is equivalent to a demand that in real terms the debtors only repay part of the debts, and leave the other part, which with high inflation is the main one, to the creditor, and in the final analysis to society as a whole. The adoption of this demand would mean an end to the very foundations of the legal system; no economy can be organized with such a system, far less a socialist one (with the ambition of instituting distribution according to labor). The discussions of the economic system are becoming completely absurd. Once we accepted such a system, then it would be much more logical for us to allow only part of the price of goods (to which repaying only part of the debt can be reduced) to be paid by investors and consumers buying them with their own funds and not other peoples' (credits). This is absurd, but no matter how absurd it is, it is less so than the demand that only part of the debts (the minor part) be repaid.

Before I go on to prove that negative interest rates inevitably cause inflation, I must disassociate myself from the widespread view that the excessive burden on the economy represented by contributions for the social superstructure is one of the factors responsible for inflation. Although great reserves are actually concealed in the social superstructure, and although the political sphere, as the initiator of the growth of this superstructure, should find the correct place for its activity there, we will not deal with this. High contributions and the services financed by them, to a considerable extent nonproductive ones, are one form of the general inefficiency of our economy. Because of them, the standard of living of our workers in material and nonmaterial production is lower than it could be. Nevertheless, if these contributions are not increased, or rather if they do not grow faster than the growth of the disposable social product (the domestic product minus the positive balance of the balance of trade), they do not cause inflation. Even very inefficient economies can be stable.

New Money

Here I am coming to the main part of the work. The economy is not just complaining about large contributions for the social superstructure, but also about large debts. At every point, however, in the past and in the present, the economy has had the possibility of financing investments with its own savings, and avoiding becoming dependent upon the banks. If an individual enterprise has not been capable of saving enough funds to finance investments,

it has been able to do so by pooling funds together with other enterprises, either directly or through the banking system. Naturally, in this case it is a joint investment and not one's own. Since the economy did not do this, since as a whole, in general, it has obtained credits and thus had available less and less of its own funds and has become more and more dependent upon the banks, this can serve as a proof that the predominant financing of investments with bank funds, the possession of less and less of one's own funds, and increasingly greater dependence upon the banking system are not only the result of the economy's own decisions, but also of the decisions by which it improved its own position in comparison with financing investments with its own funds. Naturally, since the funds that it obtained from the banking system were not derived from its own savings (or the public's), since they constituted new money, they directly caused inflation by increasing demand.

The improvement in the economy's position achieved by financing investments with new money was not small. It was equal to the difference between the rate of the time preference of workers (the rate that equates the size of the increase in income in the future resulting from the investment to the loss of income in the present -- because of the investment) and the interest rate that the economy pays for credits. Because of the uncertainty of the future income, due to both the low effectiveness of investments and the impossibility in practice of individual appropriations of the products of the investment, the rate of the time preference must be very high -- that is, whatever the interest rate for credits, the advantage achieved by financing investments with new money instead of one's own savings is extremely high.

Unfortunately (and this is something that our economic policy has never been able to comprehend), the advantage to the economy achieved by financing investments with new money instead of one's own savings is only an advantage from the standpoint of the individual enterprise. Specifically, it is only from this standpoint that one can assume that prices will remain unchanged when investments are financed with new money. Since that method of financing became universal, and since it was used by more or less all investors, the necessary consequence of the massive emission of money was an increase in prices. The increase in personal incomes made possible by financing investments with new money instead of one's savings -- and that is the purpose of using credits instead of one's own savings -- remained nominal. The increase in prices, inflation, really reduced it to zero. In spite of the nominal increase made possible by the credits, real personal incomes remained what they would have been if the economy had saved up all the investment funds itself. The only difference would be the stability of prices, i.e., the absence of inflation.

By making it possible for the economy to improve its position by using emission credits for financing instead of its own savings -- even though it is obvious that the possibility of improvement only exists on an individual basis and does not exist for the economy as a whole -- economic policy failed to perform its basic duty, preventing individual illusions with disastrous social consequences. It is responsible for the occurrence of inflation in our economy, and not the economy, which under the given conditions, i.e. the possibility of obtaining emission credits, in an individual sense acted quite rationally. The calls for the economy to behave in a noninflationary manner,

which are very characteristic of political forums, are nonsensical as long as it is offered the opportunity to improve its position, of course only in an individual illusion, by obtaining emission credits.

Equilibrium Interest

If the banking system, and in the final analysis the National Bank, did not create new money and offer it to the economy, it would have to finance its investments with its own accumulation -- savings. If the economy, including the population, were capable of saving the funds necessary to finance investments, the investors would have to pay the savers enough interest to compensate for their preference of current personal incomes, as opposed to (uncertain, especially in the individual sense) future ones. We call it the equilibrium interest rate. If income from interest were primarily put into investments (in the form of past labor, it must also partially increase personal incomes), the criticism regarding the social unacceptability of such a system would be eliminated. In any case, it would directly increase the effectiveness of business operation. If the savers obtained equilibrium interest by depositing their funds in banks, it would not occur to them to invest them themselves, unless they were able to ensure a higher yield than the interest that they get from the bank by depositing their savings, without great risk. This means that the equilibrium interest rate would serve investors as a minimum of profitability. This would increase the supply of savings/deposits and increase its mobility.

On the other hand, the investors would try to save as much of the funds as possible themselves, individually and by association, while financing only the smaller portion by obtaining credits. This means that the macro ex ante equivalence of savings and investments would for the most part be ensured at the micro level. The credit that the investors would use to finance investments would be derived from the enterprises that are not yet investing, and not from new money. Thus, on the whole, the equivalence ex ante of savings and investments at the macro level would be ensured. The economy would receive income that was equal to the amount (value) of the product produced, actually the income paid for the product produced, and this would make possible its realization at unchanged prices, i.e. without inflation. I will not go here into the problems that arise because of temporal discrepancies between the savings by one part of the economy and their expenditure by another part.

This makes two conclusions possible. In the first place, since greater efficiency increases the social product, and accelerates growth with equal funds invested, personal incomes would be greater than in an economy with sub-equilibrium interest, i.e. with inflation. My previous observation that the only consequence of financing investments with one's own savings would be the stability of prices, i.e. personal incomes (and the social product) equal to those in an inflationary economy is limited to the static aspect of the problem. Dynamically, when one takes increased efficiency into account, financing investments with one's own funds, which makes possible an equilibrium interest rate, increases the social product and personal incomes.

In the second place, the formulation that the stability of the economy can be ensured by the ex ante equality of savings with investments, and of the latter with equilibrium interest, could elicit criticism. Specifically, in the past I stressed personal incomes as a source of inflation. It is easy to prove, however, that these are different formulations of the same condition. If the condition of the ex ante equality of savings and investments is met, personal incomes (consumption) cannot be larger than the social product reduced by investments. This means that the condition of the stability of the economy can also be expressed in the opposite direction: ex ante, i.e. the nominal personal incomes paid per unit of product must not be increased. If this condition is met, then what is left after the payment of personal incomes (consumption), and this is nominal savings, is equal to the unspent, i.e. invested, portion of the social product. This means that an economy that even ex ante saves as much as it invests (the first formulation), or which does not increase personal incomes per unit of product (the second formulation) is by definition stable, and noninflationary. Equilibrium interest rates that ensure that the above condition is met thus ensure stability and prevent inflation.

We thus obtain an answer to the question concerning the cause of our inflation (and any inflation). In any economy that is not capable of ex ante saving as much as it invests, or alternatively, ex ante ensuring the constancy of nominal personal incomes per unit of product, investments are greater than savings. Alternatively, nominal personal incomes per unit of product increase. This inevitably means inflation and with it the reduction of all incomes in real terms, by the rate of inflation, i.e. forced ex post savings. Because of an interest rate lower than the equilibrium one, our economy was never capable of ex ante saving as much as it invested. It has always compensated for ex ante savings by the creation of emission money. Inflation is a natural consequence of such a policy. In other words, inflation did not come to our economy by accident, but rather as a result of conscious economic policy. In fact, economic policy is the sole essence of it. If economic policy were not aware of this, this would have to be taken as proof of ignorance of the elements of economics.

The criticism could be raised that inflation was also influenced by other causes, above all by external prices in 1974 and 1979-80, as well as the decline in the disposable product below the level required for halting indebtedness abroad and making the economy able to pay interest on foreign debt regularly. All of this is true, but the domestic product is by far the major factor in inflation. Otherwise, inflation in Yugoslavia would be similar to inflation in Western countries.

This makes possible an evaluation of the current ideas that inflation can be reduced by reducing interest rates. Instead of a reduction, it must lead to a further acceleration of inflation. In fact, the policy of reducing interest rates directly is a policy of further destabilization of the economy, a systematic surplus of investments over ex ante savings, i.e. personal incomes nominally larger than the product for which they are paid, and a further nominal expenditure of what has not been produced. Since financing at below-equilibrium interest makes business operation worse, this policy is also a policy of a further deterioration in the quality of business, a further

reduction in efficiency, and economic growth slower than is possible, and as such contrary to the interests of workers and the population.

I will not dwell here on the possible criticism that with such a method of capital formation we would never be able to invest as much as we have invested. It will be sufficient for me to say that with greater efficiency this would not even be necessary, and that the same growth could be achieved with incomparably lower investments, which means incomparably larger personal incomes and consumption. Today our economy is naturally diversifed and dynamic enough to be able (together with the population) to accumulate enough for effective investments. There is no doubt that useful assistance could be offered by suitable systems, adopted by agreement, for the distribution of income and the formation of personal incomes.

Who Is Responsible

Two questions remain to be answered. In the first place, when we know that the economy needs not only really positive interest rates but also equilibrium ones, what is the optimum method for introducting them into the economy? There are two mistaken opinions. According to the first, the introduction should be gradual. According to the second, it would first be necessary to implement systemic changes, and when the new system got under way, the time would come for introducing "real" interest. The first opinion is similar to the demand that the heavy bleeding of a seriously wounded person be stopped gradually, obviously leading to his bleeding to death. The second opinion forgets that the economic system of a self-managing economy is a market, an equilibrium of the prices of factors and products. Without this any economic system, current or new, or any other ones, cannot ensure effective business operation by associated labor.

Just as the efficiency of foreign trade is determined by the realism of the exchange rates for foreign exchange, and the efficiency of labor by the realism of personal incomes (their connection with the real product), the efficiency of investment and of business in general on the macroeconomic level is determined by the realism (equilibrium) of the interest rate. An economic system can fulfill its task only if it contributes to the mobility of the market and eliminates its defects (for example, the indivisibility of factors, the contrasts of private and social product, and the occurrence of unearned incomes). If it enters into a conflict with the market, and wants to organize the economy with nonequilibrium interest rates, for instance, the system becomes a cause of general inefficiency. This means that the choice made de facto by the Federal Executive Council in the implementation of the Long-Term Economic Stabilization Program between the prices of the factors and the system was correct. The only mistake is that under pressure from political forces, and because of their unwillingness for real changes, and the ineffectiveness of the discussions of the system, it was not able to be more decisive in the right direction.

In the second place, how is it even possible that the ideas about reducing inflation by reducing interest rates -- which defy any economic logic and which, if implemented, will cause high inflation and an even more inefficient economy -- are not only occurring among us, but also gaining support from

political factors, such strong support that the Resolution for 1986 as a whole is contaminated with them? One is thus quite justified in calling it the Resolution of the further instability and deterioration of business activity in 1986.

The general answer (I hope, since I do not want to investigate other possible motives) is ignorance. Of course, ignorance is not an excuse. More precisely, no one can be held responsible for his ignorance, not even accepting work that he is not qualified for. Nothing would be achieved by pointing to the political system that makes all of this possible. Responsibility is always the responsibility of physical persons. Physical persons select the experts, and decide whether to accept their proposals and support them. This, it seems, is the main problem in determining policy for next year, as well as for its results in the past.

9909
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ECONOMY YUGOSLAVIA

EFFECTIVENESS OF AID TO UNDERDEVELOPED AREAS QUESTIONED

Ljubljana DELO in Slovene 12 Oct 85 p 15

[Article by Boris Jez: A System of You Give-I Receive Without Any Real Benefits]

[Text] In the postwar years, we have lived under the illusion that it is possible to remove or at least greatly ameliorate major differences in the economic development of the federal entities in a single 5-year period. These differences, however, have not only remained, but are increasingly becoming one of the most important economic and political problems of present-day Yugoslavia. This is in spite of the fact that our country is almost certainly the foremost in the world regarding the amount of resources allocated for the faster development of the less-developed areas, in proportion to its economic strength. What is wrong with our regional policies at the federal level; why is it that, in spite of so many investments, we have not been successful in getting the economic wheels to move more quickly in these federal entities?

The debate concerning this, which in reality has never ceased, has these days reached one of its high points in the Federal Assembly's committee dealing with the question of the economically underdeveloped republics and the Federal Autonomous Province of Kosovo. Namely, the committee is to formulate four laws, which would in the next 5-year period determine the circle of those who take for granted assistance from the broader social community, and also the form for this assistance. The sticking point is the question of which federal entities in reality are so far behind economically that they are not capable of development without financial assistance from others. Some feel that in fact only Kosovo is entitled to the status of an underdeveloped federal entity, while others maintain that Macedonia, Montenegro, and Bosnia and Hercegovina should remain in that "club." Such a divergence in positions is most frequently explained by the fact that we lack objective criteria for establishing (the lack of) development, which is not completely true.

It is certain that the Federal Assembly already passed a set of such measures 9 years ago and that things have been at an impasse for a long time, because when the measures were being formulated, each institution "saw" primarily its own republic or province. Last year, however, the Federal Institute for Social Planning brought up for discussion criteria that everybody felt constituted a satisfactory basis for seeking a common language. Montenegro, however, immediately noted that, according to these criteria, indicators, and

evaluations, it would be dropped from the circle of economically underdeveloped federal entities, and it wanted to add another criterion of its own. Macedonia, which under the proposed criteria found itself on the verge of development, acted in a like manner.

In short, it was demonstrated once again that in Yugoslavia it was in fact impossible to come up with objective criteria for establishing (the lack of) development, and that in this area economic science was overshadowed by politics. In the current medium-term period, the circle of those that are economically underdeveloped has been agreed upon politically, and so one should not have any illusions that this will not be the case during the next 5 years. A certain amount of selfishness on the part of those who are underdeveloped and who would like to be supported by the work of others is certainly not the only thing to blame. Above all, this is due to the fact that the transition to the status of being developed would certainly be very painful, and so they feel most secure if they get their dinars on a regular basis from the fund of the federation. Thus far, economic policies have not really offered them anything specific in exchange for their current position, except for the so-called "transitional period" regarding which it is not even known how it would turn out in practice. It seems that in the country's medium-term plan, the wisest thing to do would be to establish how the borrowing, fiscal, and tariff policies are each to solve the problems of these federal entities. At the same time, it is necessary to state that Kosovo in particular is to get major tariff and credit relief. If we were to sum up all the provisions of the current policy, it would be easy to demonstrate that the province is receiving more money in this way than through the fund of the federaiton. At any rate, it should be made possible for the federal entities, during the transitional period, to move away from their current status as painlessly as possible, and it would certainly be possible to reach an agreement in the Federal Assembly more quickly if that were the case.

As a matter of fact, this has brought us to the essence of the problem: For many years, the seeking of objective criteria has led to a dead end. The federal Executive Council has not taken advantage of the moment for establishing a new, contemporary system and instruments for regional policies. The fund of the federation is the last remnant from a not-so-distant period of our economic history, and it has many etatist attributes. For that reason, we should replace it with something more suited to our time. Obligations that remain to be transacted could easily be taken over by the federal budget, and the idea of converting the fund into a kind of bank that would operate in accordance with businesslike criteria seems even more acceptable. The principle should prevail that the greatest opportunities for the underdeveloped lie in the unification of the economy in a unified Yugoslav market ruled by economic laws. In this medium-term period we will certainly not satisfy the request to have half of the aid to the underdeveloped take the form of direct association of work organizations. In spite of that, we must persevere, so that in the upcoming 5 years the share would be at least seven-tenths, as was proposed in the draft law.

It is possible to encourage association with the most diverse instruments of economic policy; practice has demonsrated that the mechanical transfer of funds

from the North to the South is virtually the least effective instrument, which has frequently shown itself to be economically harmful as well. Federal entities that are receiving assistance from the broader social community are investing the money that tney receive exclusively in accordance with their own "tastes," which in practice means a purposeless allocation of resources in the Yugoslav economic sphere. For example, this is evidenced by duplication of capacity and capital-intensive investments, while at the present time these republics and Kosovo need, like parched earth needs rain, jobs more than anything else, etc. Furthermore, the underdeveloped do not, as a rule, allow "interference" in how this money is to be spent, which of course defies all economic logic, since those who are investing should at least participate in all decisionmaking that affects joint investments.

Directly linked to this question is the problem of the amount of funds that the Yugoslav community is to allocate in the next 5 years for encouraging development in the economically underdeveloped republics and Kosovo. The draft law envisages having the economy give for this purpose, in the upcoming years, 1.58 percent of the social product instead of the previous 1.83 percent, which is something that the "club" of the underdeveloped naturally does not agree with. As a matter of fact, even the current amount allocated from the social product does not ensure that the major problems faced especially by Macedonia and Montenegro, in addition to Kosovo, will be solved. On the other hand, it is of course not possible to overlook the major problems of the more developed territorial entities, which are now objectivley able to give less if they do not wish to jeopardize their own development. The extent of this problem was especially well illustrated at the most recent sessions of the Federal Assembly, at which the delegates from Serbia minus the provinces demanded that Serbia should contribute half as much as the others for the underdeveloped entities, because Serbia itself has 51 opstinas that are far below the Yugoslav average.

Many cannot agree with Serbia's request, which certainly has a logic of its own, because it would create a precedent that would gradually bring about a disintegration of the current, albeit not exactly successful, system of providing assistance to the underdeveloped. At any rate, it should be noted that these problems would certainly not appear in such a politically acrimonious form if they followed a differently formulated regional policy, as for example that contained in the stabilization program. Right now, the republics and the provinces are literally forced not to agree with each other, but rather to haggle with each other, since each dinar has become quite precious. These tiring negotiations, which will certainly once again continue to the last day of this year, have pushed into the background the essential point: how to make possible a faster solution for the country's less developed areas, without at the same time placing an excessive burden on the economic locomotives that are pulling our development.

Similar statements are valid regarding the so-called supplementary resources which are every year earmarked by the federal treasury for financing joint and common expenses in the underdeveloped republics and Kosovo. The problem seems to be unsolvable, because the less developed areas are quick to invoke their legal rights, while others try in vain to argue that they have no money even for themselves. For example, this year it was planned that Kosovo would receive

approximately 26 billion dinars from the federal treasury, which was equal to this year's Slovenian budget. Things will continue in this manner, however, as long as it is possible to dip into the common pot. Instead, we should link consumption to work results and solve the problems of the underdeveloped territorial units through a closer inter-republic cooperation in the areas of science, culture, education, etc.

Regardless of the agreement that is reached in the federal assembly regarding the four draft laws, Yugoslavia will clearly retain the current system and instruments for assisting the underdeveloped areas in the next medium-range period. It is a pity that in the atmosphere of convincing each other that it is necessary to begin acting differently, we are preserving the system of "you give-I receive," which has not only failed to yield expected results, but has even been harmful in many instances. Everybody is receiving resources, both those who use them quite well and those who immediately stuff them into pay envelopes.

Of course, it would be impossible to come up with anything qualitatively new by the end of the year that would be based not only on the principles of socialist solidarity, but also on economic expediency at the same time. For that reason, we should not once again waste the next 5 years in a stubborn search for some objective criteria which, in the final analysis, are only criteria for dividing things up and not for creating new wealth. We should utilize them eventually to establish a new, more contemporary system of instruments for regional policies. Such a system will in fact be able to inspire us once again to convince each other that it is possible to remove (excessively) large differences in economic development in a single 5-year period.

12274
CSO: 2800/48

DECREE ON ORGANIZING UNIFIED FOREIGN EXCHANGE MARKET

Belgrade SLUZBENI LIST SFRJ in Serbo-Croatian 30 Dec 85 pp 2077-2080

[Text] 898. On the basis of article 26 paragraph 2 of the Law on Foreign Exchange Transactions (SLUZBENI LIST SFRJ no. 66/85), at the proposal of the National Bank of Yugoslavia, the Federal Executive Council is adopting a

Decree on the Organization and Operation of the Unified Foreign Exchange Market

I. General Provisions

Article 1.

The purchase and sale of foreign exchange, in accordance with this decree, take place:

1) in direct contacts between banks authorized for foreign business which have current accounts in banks abroad (hereinafter "authorized banks");

2) at a specially organized interbank meeting of the authorized banks, or of the authorized banks and the National Bank of Yugoslavia (hereinafter "interbank meeting").

Article 2.

Foreign exchange is purchased and sold immediately or on terms.

Immediate transactions involving the purchase and sale of foreign exchange are conducted by the authorized banks and the National Bank of Yugoslavia.

Foreign exchange is purchased and sold on terms by the authorized banks.

Article 3.

The immediate purchase and sale of foreign exchange, and the purchase and sale of foreign exchange on terms, are engaged in by the authorized banks:

1) in direct contacts between the authorized banks;

2) at an interbank meeting.

The purchase and sale of foreign exchange on the unified foreign exchange market is confirmed by a sales agreement, a form for which is printed along with this decree as an integral part of it.

Article 4.

The authorized banks buy and sell foreign exchange in accordance with the requirements of their operation, and in accordance with their own daily foreign exchange position and the joint one.

The authorized banks buy and sell foreign exchange among each other only for payments abroad that come due within a period of 2 working days from the day of the purchase and sale of the foreign exchange.

Article 5.

An authorized bank for which the inspector of the National Bank of Yugoslavia, in accordance with the provisions of article 145 of the Law on Foreign Exchange Transactions, has halted payments abroad, buys and sells foreign exchange on the foreign exchange market only for paying mature foreign credit obligations and convention obligations.

Article 6.

The object of the purchase and sale, in accordance with the provisions of this decree, is the foreign exchange designated by the National Bank of Yugoslavia in accordance with article 30 of the Law on Foreign Exchange Transactions.

The purchase and sale of foreign exchange between authorized banks is done by transferring the foreign exchange from the account of the seller to the account of the purchasing bank.

The authorized bank buying the foreign exchange is obligated to pay the dinar equivalent value of the foreign exchange bought, within the period agreed upon, to the transfer account of the bank selling it.

If, when the transaction is agreed upon, the date for completing the transaction is not explicitly agreed upon, the transaction of the purchase and sale of the foreign exchange is completed at the latest within a period of 2 working days from the date when the transaction is agreed upon.

Article 7.

In order to coordinate payments abroad for all purposes with foreign exchange receipts and the purchase of foreign exchange, in accordance with this decree, the authorized banks establish plans for the receipt and outflow of foreign exchange and the daily foreign exchange position, which they deliver to the National Bank of Yugoslavia.

On the basis of the plans for the receipt and outflow of the foreign exchange of the authorized banks, under article 63 of the Law on Foreign Exchange Transactions, the National Bank of Yugoslavia examines the liquidity of the banks, on an individual basis and in general, and if it determines that disruptions may occur, it informs the Federal Executive Council of this.

Article 8.

The authorized banks are responsible for providing the National Bank of Yugoslavia with a summary of the obligations for current payments abroad that come due, seven days before the day on which the obligations come due, for individual orders whose amounts exceed $10 million.

Article 9.

In addition to the plans for the receipt and outflow of foreign exchange, the authorized bank sends the National Bank of Yugoslavia and the national banks of the republics or the national banks of the autonomous provinces a "Summary of the Obligations for the Payment of Principal and Obligations for the Payment of Interest on Foreign Credits" by the 15th of the month for payments coming due during the following month, following Form no. 1, which is printed along with this decree and constitutes an integral part of it.

Article 10.

The authorized bank determines its daily foreign exchange position for each interbank meeting and sends it to the National Bank of Yugoslavia one day before the holding of the interbank meeting, by 12:00 at the latest.

The daily foreign exchange position is determined using form no. 2, "Foreign Exchange Position of the Authorized Banks," which is printed along with this decree and constitutes an integral part of it.

Article 11.

The foreign exchange position of the authorized bank covers the daily state of the foreign exchange funds on the day when the position is sent to the National Bank of Yugoslavia, the foreign exchange receipts expected during the time in which foreign exchange is bought and sold in accordance with the daily position, and the outflow of foreign exchange for payments abroad that come due during that period.

The state of the foreign exchange funds in paragraph 1 of this article covers funds in actual foreign money, checks, letters of credit, papers of value, funds in the current accounts of the authorized bank abroad, foreign exchange deposited for a fixed or undetermined time in accounts with foreign banks, and foreign exchange funds in the accounts abroad of other banks, for which this bank has paid the dinar equivalent value in accordance with article 86 of the Law on Foreign Exchange Transactions.

Article 12.

Payments abroad that come due on the day for which foreign exchange is bought and sold at the interbank meeting cover all obligations resulting from the payment orders of organizations of associated labor and other social juridical persons, and are included in Form no. 3, "Summary of Due Obligations for Payments Abroad on the Day ___ 198_," which is printed along with this decree and constitutes an integral part of it.

Article 13.

On the basis of the data from the daily foreign exchange positions of the authorized banks, the National Bank of Yugoslavia compiles the joint foreign exchange position of the SFRY, in order to establish the overall supply and demand for foreign exchange among the banks in direct contacts and at the interbank meeting, and sends it to the interbank meeting.

Article 14.

An authorized bank that does not send its foreign exchange position on time, per article 10, and the summary of its foreign exchange obligations abroad, per article 12 of this decree, cannot participate in the work of the interbank meeting on that day and cannot make current payments abroad until it sends them.

An authorized bank can purchase foreign exchange in direct contacts and at the interbank meeting if it maintains the level of short-term debt established by the projection for Yugoslavia's balance of payments for the current year, and in accordance with the decision in article 20 of the Law on Foreign Credit Relations.

II. Purchase and Sale of Foreign Exchange in Direct Contacts Between Authorized Banks

Article 15.

The authorized banks purchase foreign exchange and sell it to each other at the exchange rate established at the interbank meeting.

Article 16.

The authorized bank selling the foreign exchange notifies the professional service of the interbank meeting, on the same day, of each sale and purchase of foreign exchange agreed upon.

Article 17.

After each interbank meeting, the professional service of the interbank meeting must inform all the banks of the state of the coordination of supply and demand for foreign exchange.

Article 18.

The authorized banks are responsible for keeping records of foreign exchange purchase and sale transactions agreed upon in direct contacts with other banks. Each foreign exchange purchase or sale transaction is entered in the records.

Article 19.

The authorized bank making the sale is responsible for issuing, on the same day that it agrees to the transaction of selling foreign exchange to another authorized bank, a sales agreement, in three copies, one of which is kept by the seller, the second of which is sent to the purchasing bank, and the third of which is sent to the professional service of the interbank meeting.

Article 20.

The professional service of the interbank meeting, on each working day, sends the National Bank of Yugoslavia a report on the foreign exchange purchase and sale transactions concluded under article 17 of this decree.

Article 21.

Foreign exchange is bought and sold on terms at the exchange rates agreed upon by the contracting parties, with the stipulation that an exchange rate can only be contracted for within the limits of the exchange rates established by the Federal Executive Council.

Article 22.

Three copies of the authorized bank's signed sales agreements are sent to the person who chaired the interbank meeting for verification and entry in the registry of term transactions. After verification and entry in the registry, one copy each of the verified sales agreement is sent to each contracting party, and the third copy is kept by the professional service of the interbank meeting for its records.

Article 23.

Foreign exchange is bought and sold on terms between authorized banks through the transfer of the foreign exchange from the account of the selling bank to the account of the purchasing bank, under the conditions agreed upon and within the periods specified in the verified and registered sales agreement.

The authorized bank purchasing foreign exchange on terms is responsible for paying, within the periods and at the exchange rates agreed upon in the sales agreement, the dinar equivalent value of the foreign exchange purchased to the transfer account of the authorized bank selling it.

The authorized bank which is the buyer uses the foreign exchange purchased on terms to fulfill the orders for payments abroad of the organizations of

associated labor for which the foreign exchange is purchased, in accordance with the sales agreement.

Article 24.

During the application of articles 24 and 110 of the Law on Foreign Exchange Transactions, the authorized banks cannot conclude deals for the purchase and sale of foreign exchange on terms.

III. Interbank Meeting

Article 25.

The interbank meeting is held every working day at a time designated by the Business Council of the interbank meeting, with the agreement of the National Bank of Yugoslavia.

The authorized banks are members of the interbank meeting of the foreign exchange market. The National Bank of Yugoslavia also participates in the interbank meeting of the foreign exchange market.

An authorized bank which has lost its authorization to conduct the business of payment turnover and credit business abroad also loses its right to membership in the interbank meeting.

Article 26.

The members of the interbank meeting establish the way in which funds are to be secured for the work of the interbank meeting, conduct administrative-professional and other work for the needs of the interbank meeting, and can regulate their work more closely at the interbank meeting.

The members of the interbank meeting establish a business council as a joint body, and determine its composition and selection.

The members of the interbank meeting arrange the method of work during the meetings through regulations for the conduct of meetings.

Article 27.

Administrative-professional and other work for the needs of the unified foreign exchange market is performed by the professional service of the interbank meeting.

The members of the interbank meeting can entrust the performance of the work of the professional service, per paragraph 1 of this article, to an organization or community that is equipped to perform such work.

Article 28.

At the interbank meeting, foreign exchange can be purchased and sold in the amounts established by the business council of the interbank meeting.

Article 29.

The authorized banks and the National Bank of Yugoslavia participate in the interbank meeting through their authorized representatives.

The number of representatives of authorized banks who participate in the work of the interbank meeting is established by the regulations on the conduct of the interbank meeting.

Article 30.

The interbank meeting is chaired by a person designated by the business council of the interbank meeting.

At the interbank meeting, the representatives of the members of the interbank meeting submit, in written form, their summaries of the amounts of foreign exchange by type that they intend to buy or sell at the meeting of the day in question. This summary should be consistent with the data included in the daily foreign exchange position per article 10 of this decree.

The supply and demand for foreign exchange are expressed in U.S. dollars, and the purchase and sale of foreign exchange is contracted for in the available currencies.

At the interbank meeting, the National Bank of Yugoslavia submits a list of the intervention exchange rates of the National Bank of Yugoslavia.

Before the interbank meeting begins its work, the National Bank of Yugoslavia sends the competent service of the interbank meeting an aggregate foreign exchange position for all the banks that are members of the interbank meeting. On the basis of a review, by banks and purposes, of the total intentions announced regarding the purchase and sale of foreign exchange, the authorized person chairing the interbank meeting, with the agreement of the representative of the National Bank of Yugoslavia, proposes a means of equalizing the total supply and demand for foreign exchange.

On the basis of the review in paragraph 4 of this article, foreign exchange is bought and sold at the interbank meeting and in direct contacts between authorized banks.

Foreign exchange is bought and sold at the interbank meeting at exchange rates within the range between the lower and upper exchange rates from the list of the intervention exchange rates of the National Bank of Yugoslavia.

Article 31.

Sales agreements for deals concluded for the purchase and sale of foreign exchange are prepared during the interbank meeting, on the basis of the concluded deals entered in the registry of foreign exchange purchase and sale transactions. The sales agreements bear the corresponding sequential number from the registry.

Immediately after the conclusion of the interbank meeting, the sales agreements are presented for the signature of the representatives of the buyers and sellers, who sign them. The signed sales agreements are presented to the authorized representatives of the buyer and seller immediately after the signing. One copy of the signed sales agreement remains in the archives of the interbank meeting.

Article 32.

After the conclusion of the interbank meeting, work begins on calculating the average (daily) exchange rates for all the types of foreign exchange that were involved in purchases and sales at that meeting.

The average (daily) exchange rates are calculated on the basis of the foreign exchange purchase and sale transactions concluded that day at the interbank meeting, and for which sales agreements are issued and signed.

The average daily exchange rate for foreign exchange is established on the basis of the value of the transactions concluded for the purchase and sale of individual types of foreign exchange and the exchange rates at which the transactions are concluded.

The average exchange rate for foreign exchange which on a given day was not involved in purchases and sales at the interbank meeting is formed within the framework of the range between the lower and upper intervention exchange rates from the list of the intervention exchange rates of the National Bank of Yugoslavia.

Article 33.

At the same time as the calculation of the average (foreign exchange) exchange rates, purchase and sale exchange rates are calculated for each type of foreign exchange.

The purchase and sale exchange rates are formed on the basis of the average exchange rates, by subtracting or adding a margin of 1.5 thousandths of the established average exchange rate.

Article 34.

The exchange rates for foreign exchange calculated by the method stipulated in article 32 of this decree are entered into the list of exchange rates.

The exchange rates for foreign exchange in paragraph 1 of this article are expressed in dinars per unit of foreign currency for U.S. dollars, Canadian dollars, Kuwaiti dinars, Australian dollars, European accounting units, English pounds, and Iraqi dinars, and per 100 units for other foreign exchange.

The exchange rates are calculated to two decimal places.

Article 35.

The list of exchange rates from article 34 of this decree is signed by the person who chaired the interbank meeting and the representative of the National Bank of Yugoslavia.

The list of exchange rates is made public, at the latest, one hour after the conclusion of the interbank meeting. The list is made public on a board on the premises where the meetings are held, in the daily press, through radio and television, or in another manner, and the lists are sent to the banks that are members of the interbank meeting by 14:00 on the same working day.

Article 36.

The purchase and sale exchange rates from the interbank meeting's list of exchange rates are used by the authorized banks for all purchases and sales of foreign exchange that take place between them and the organizations of associated labor and other physical and juridical persons, except for the purchase of actual foreign money, foreign checks, and foreign letters of credit, and for the settlement of international postal orders, the exchange rates for which are formed in accordance with the provisions of article 5 of the Law on Exchange Transactions.

The purchase and sale exchange rates in paragraph 1 of this article are also used by the National Bank of Yugoslavia.

The purchase and sale exchange rates from the interbank meeting's list of exchange rates are used starting at 14:00 on the same day that the meeting is held, and the average exchange rates are used starting the next day after the interbank meeting is held.

Article 37.

After the conclusion of the interbank meeting, the authorized person who chaired the interbank meeting is responsible for sending the National Bank of Yugoslavia, on the day when the interbank meeting is held, the following:

a) a report on the supply and demand, and on transactions involving the purchase and sale of foreign exchange that are concluded at the interbank meeting on that day, and on the exchange rates at which these transactions were concluded;

b) a list of the exchange rates established and formed at the interbank meeting on that day.

Article 38.

The National Bank of Yugoslavia is obligated to purchase the excess supply of foreign exchange at the interbank meeting.

At the interbank meeting, the National Bank of Yugoslavia buys foreign exchange at the lower rate, and sells it at the higher rate, from the list of the intervention exchange rates of the National Bank of Yugoslavia.

Article 39.

At the interbank meeting, the National Bank of Yugoslavia intervenes to satisfy the excess demand for foreign exchange, in accordance with the requirements for payments abroad, which are established on the basis of the daily foreign exchange positions of the authorized banks and the plans for the receipt and outflow of foreign exchange of the authorized banks.

IV. Purchase and Sale of Foreign Exchange Under the Conditions of an Imbalance in the Supply and Demand for Foreign Exchange

Article 40.

When the conditions occur for application of the provision of article 110 of the Law on Foreign Exchange Transactions, all foreign exchange is bought and sold exclusively at the interbank meeting of the unified foreign exchange market.

The purchase and sale of foreign exchange and payments abroad under the conditions in paragraph 1 of this article take place on the basis of the joint foreign exchange position, and in the sequence prescribed by the Federal Executive Council.

On the day that the interbank meeting is held, if foreign exchange funds have been secured to pay for all of the priorities stipulated by an act of the Federal Executive Council, the authorized banks can make other payments abroad within the framework of the available funds between the prescribed minimum and maximum.

Article 41.

If it is established on the basis of the joint foreign exchange position that the authorized banks cannot make all the payments for priority purposes in accordance with article 110 paragraph 2 of the Law on Foreign Exchange Transactions, as established by the Federal Executive Council, the authorized banks are responsible for using the total foreign exchange funds above the established minimum to pay for priority purposes in accordance with the established sequence prescribed by the Federal Executive Council for that day, and for selling the excess funds above the requirements of the sequence of payments for that day at the interbank meeting to other authorized banks for payment for the same priority purposes established for that day.

Article 42.

The National Bank of Yugoslavia, through the joint foreign exchange position, the purchase and sale of foreign exchange at the interbank meeting, its inspectors at the authorized banks, and its inspection bodies, ensures orderly

payment for individual priority purposes in accordance with the sequence established by the Federal Executive Council.

V. Records and Forms

The form for the sales agreement in articles 22 and 31, and the registry of foreign exchange purchase and sale transactions in article 32 of this decree, are printed along with this decree and constitute an integral part of it.

If a need has been demonstrated, the National Bank of Yugoslavia provides technical guidance for completing the forms that are printed along with this decree and are an integral part of it.

VI. Punitive Provisions

Article 44.

An authorized bank will be punished by a monetary fine of 500,000 to 5,000,000 dinars for an economic offense:

1) if it pays obligations abroad without first sending the National Bank of Yugoslavia its foreign exchange position and the summary of its foreign exchange obligations abroad (article 14 paragraph 1);

2) if it sells foreign exchange to another bank or buys it from another bank at an exchange rate other than the one established at the interbank meeting (article 15);

3) if it buys or sells foreign exchange on term during a period in which articles 24 and 110 of the Law on Foreign Exchange Transactions are being applied (article 24);

4) if during a period in which article 110 of the Law on Foreign Exchange Transactions is being applied, it pays foreign exchange abroad or buys or sells foreign exchange to ensure this payment, in violation of the joint foreign exchange position and the sequence for payments abroad established by the Federal Executive Council (article 40 paragraphs 1 and 2); and

5) if it pays a foreign exchange obligation abroad in violation of the established daily sequence or if it does not offer its excess foreign exchange funds to other authorized banks at the interbank meeting for the payment of the same purposes established for that day (article 41).

The action in paragraph 1 of this article will be punished as an economic offense, and the responsible person in the authorized bank will be fined 10,000 to 100,000 dinars.

Article 45.

An authorized bank will be punished with a monetary fine of 10,000 to 500,000 dinars for a violation:

1) if it does not establish a plan for the receipt and outflow of foreign exchange and a daily foreign exchange position, and send them to the National Bank of Yugoslavia (article 7 paragraph 1);

2) if it does not send the National Bank of Yugoslavia a summary of the due obligations for current payments abroad, the amount of which exceeds $10 million U.S., seven days before the obligations come due (article 8);

3) if it does not send the National Bank of Yugoslavia and the national bank of the republic or national bank of the autonomous province, by the 15th of the current month, a "Summary of Obligations for the Payment of Principal and Obligations for the Payment of Interest on Foreign Credits" for payments coming due the following month (article 9).

The actions in paragraph 1 of this article will be punished as a violation, and the responsible person in the authorized bank will be fined 5,000 to 100,000 dinars.

VII. Concluding Provisions

Article 46.

On the day that this decree goes into effect, the Decision on the Organization and Work of the Interbank Meeting of the Unified Foreign Exchange Market (SLUZBENI LIST SFRJ no. 12/85) and the Decision on the Conditions, Organization, and Work of the Unified Foreign Exchange Market in 1985 (SLUZBENI LIST SFRJ no. 12/85 and 52/85) cease to be in effect.

Article 47.

This decree goes into effect on 1 January 1986 and is to be published in SLUZBENI LIST SFRJ.

Belgrade, 26 December 1985

Federal Executive Council

Vice President Janez Zemljaric

9909
CSO: 2800/140

ECONOMY YUGOSLAVIA

PROBLEMS IN INTEGRATING ELECTRIC POWER SYSTEM

Belgrade EKONOMSKA POLITIKA in Serbo-Croatian 24 Nov 85 pp 22-23

[Article by Dragan Nedeljkovic: "Planning for Shortages"]

[Text] The obligation to make joint plans for the development of electric power that was included in the new law on planning has caused genuine confusion in electric power organizations. In little more than a month the first year of the new medium-term period will begin; in this period, in which it will be necessary to act and build installations in a new manner, it is still not clear to anyone what to do with this obligation. It exists as a legal stipulation, it is clear to everybody that something should be done, but, at the same time, it is clear to everybody that it is impossible to implement the obligation in practice. Also, there is a dilemma regarding what to do with a law that is not implemented: the state and its authorities should force the implementation, and it is necessary to either make political decision or else declare the law invalid.

What is much more important than these, shall we say legal quibbles, is the fact that none of the joint goals can be implemented. The following have been proclaimed as joint goals: a reliable supply of electrical power to the consumers, the construction of installations that are the most rational possible from the point of view of energy and economics, and the optimal utilization of the electric energy system. The very fact that these goals for the development of electric power industry are being regulated by law indicates two essential things: firstly, that up to now the electric power system was not being developed in accordance with such premises that are fundamental to any economic activity and, secondly, that the economic system lacks an instrument that would force the electric power industry to behave in this manner. Can the new law on planning supplant all this?

Not Even the Construction Is Being Observed

The key question is, what is preventing the implementation of the new law on planning? In essence, this law has changed nothing in the position of the electric power organizations. In accordance with a constitutional principle, the republics and provinces continue to be the ones responsible for developing electric power and for supplying the consumers in their areas with electric power, and the electric power organizations continue to belong to the

republics or provinces. This means that the plants, legislation, expanded reproduction, the self-managing communities, and everything else are regulated by the socio-political communities. The technical and technological unity of the electric power industry remains the only thing in common. Consequently, in Yugoslavia one can ensure sufficient electric energy for all consumers only if every socio-political community fulfills its constitutional obligation and builds for itself enough production capacity to meet its energy consumption needs.

The greatest misfortune that has befallen past development, however, is the fact that this principle, reached by consensus, has not been observed. The socio-political communities have not built enough electric power capacity and so the balance sheets have already noted a shortage of electricity. This has been the practice in the last two medium-term periods, in which electric power as a whole has lagged behind as far as development was concerned, and consumption has grown faster that the building of new electric power plants. It is well known that this practice went on without consequences or, to be more exact, only the consumers have felt the consequences through reductions. The failure to observe the constitutional principle, however, has not caused any sanctions.

There are a number of other, one could say technical, obstacles to the implementation of the new law on planning; for example the time periods for the construction of electric power plants. All the power plants that will go on line during the next five years are already in an advanced stage of construction (they were selected, financed, and planned the old way), and it is therefore impossible to speak of joint planning of installations for the upcoming planning period. It is known that the study, planning, and construction of any significant electric power installation last more than five years.

Planned growth rates for electric power for 1986-1990

	Consumption	Production
Bosnia and Hercegovina	6.5	7.8
Montenegro	3.5	0.0
Croatia	4.8	9.2
Macedonia	4.1	6.7
Slovenia	4.1	1.1
Serbia	4.8	2.6
Kosovo	10.3	7.3
Vojvodina	4.2	6.3
Yugoslavia	5.0	4.9

A not smaller obstacle to the implementation of the law is the absence of a model for selecting economically rational production plants at the national level, the nonexistence of a model for joining together the resources of the electric power organizations, differences in how the pricing policy for electricity and its influence on expanded reproduction are understood, etc.

The Dilemmas of the New Plan

It will probably be possible to remove, in a relatively short time, the procedural obstacles to the new way of planning. The new plan, however, in the form in which it was cast by the republic and province electric power organizations, introduces an essentially new dilemma. During the past ten years, a period covered by two medium-term plans, the electric power industry has made plans for a balance between the production and the consumption of electric energy. Everything was in order as far as the planning documents were concerned, and the difficulties arose in the implementation. Stated more precisely, the plants were not built as planned while consumption increased. Electricity shortages came about as a consequence of delays and postponements in the construction and failure to implement what had been planned for. Now, shortages are being planned for. That is to say, as average annual growth of 5 percent is planned for the country as a whole, with a 4.9 percent growth in production. At first glance, the difference between the two figures does not seem to be very significant, but when it is converted into units for measuring electric energy it becomes very different. The total shortage of electricity for the five years, according to the plan, exceeds 8 billion Kilowatt hours; when broken down by year, the shortage starts out at 1 billion Kilowatt hours in 1986, and climbs to 2.4 billion in 1990.

Of course, the above will be true only if the plans are met, and no one can remember the last time when any of the medium-term plans dealing with electric power was met. There are a number of unclear assumptions in a plan that has been put together in this fashion, a collection of republic and province plans. For example, it has been planned that electric power plants using liquid and gas fuels would be utilized to a considerably greater extent than in 1985 and previous years, even though no one knows how to ensure fuel for them. Lack of fuel has caused these power plants to be more idle than operational during the past few years, and the new plan stipulates that they will be used at top capacity. It has also been planned to build certain electric power plants regarding which it is not known where they will be built or what kind of fuel they will use.

Croatian electric power industry wants and is planning for 700 megawatts worth of new electric power plants. It is making attempts to build them along the Drina river, in Kosovo, Kolubara, Tuzla, or anywhere there are natural energy resources, but there have been no responses to the offers and so it is completely uncertain whether, when, or where anything will be built; not to mention the fact that the electric power industry as a whole is entering the new plan period with a large deficit from the previous period, and that there already is a divergence between the production capability of the electric power industry and the consumer's needs.

This method of planning creates new dilemmas. It is at all possible to plan for shortages, and what does this mean? Without energy, it is useless to make plans for general development or a growth of income, social product, economy, and the standard of living. It is therefore necessary to coordinate the overall plans with the development of energy and either change the overall development plans or increase the production of energy. There is yet another

possibility -- conservation and rational consumption of energy. Achieving that, however, would necessitate much more extensive, socio-economic measures but, at the same time, the rule that it is only possible to conserve something that one has and not something that one does not have has been vindicated. It is evident that there is not enough energy.

It is strange that some socio-economic communities are planning for an increase in the consumption of energy without increasing production. Who will provide them with energy? Others are planning a greater increase in consumption that in production, and it is not clear who will buy (or import) electric energy from whom and how.

9110/13068
CSO: 2800/108

ECONOMY YUGOSLAVIA

ELECTRIC POWER PLANS, NEED TO RAISE PRICE TO EUROPEAN LEVEL

Belgrade PRIVREDNI PREGLED in Serbo-Croatian 13 Dec 85 p 1

[Text] Until acceptable domestic elements are worked out, electricity in Yugoslavia should increase in price on the average of 30 percent, in order to decrease the disparities with electricity prices in five West European countries. By next year, there will be enough electricity if approximately 64 million tons to coal, 800,000 tons of mazut, and 800 million cubic meters of natural gas are ensured for the appropriate electric power plants.

Belgrade, 12 December -- Delegates to the assembly of the Yugoslav Electric Power Industry Community feel that the prices of electric power in this phase should be formulated in Yugoslavia in such a manner as to decrease the divergence with the price levels in five West European Countries -- West Germany, Austria, Italy, Switzerland, and Greece -- by increasing the average prices of electricity. Since this criterium is not based on domestic considerations, efforts will be made to come up with criteria that will make possible the establishment of a long-term parity relationship between the price of electric energy and the fuel used to generate it. Thus, the price of electric energy would fluctuate according to the price of the fuel. This position will be forwarded to the Federal Executive Council.

Electricity producers feel that they are currently not in a position to accept the Federal Executive Council's position that electrical energy prices should be formulated on the basis of past and current work, nor can they accept the position that the price should be formulated at the same level throughout Yugoslavia. Even before the fall they have requested that the Federal Executive Council approve an increase in electricty prices averaging 30 percent, and to have the rate of increase applied in a differentiated manner in the electric power industries of the republics and provinces. Since the increase in prices did not date from the beginning of the winter season when the consumption is higher, this would only improve the drastically threatened financial position of the electric power organizations, without observing the position, containing in this year's resolution on having the price of electricity increase at a rate that is 10 percent higher than that of industrial products. At the end of the nine month accounting period, the electric industry organizations as a whole have posted a 36.8 billion dinar loss, which is 2.5 times greater than the loss sustained during the same period last year, in spite of the fact that they have increased their

production by six percent and, as far as activity is concerned, they were in the third place in industry and mining in Yugoslavia.

The position of the electric power industry of Slovenia was at odds with the decision of the YUGEL Assembly. Slovenia insisted on the inclusion of a clarification to the effect that average increases did not imply the same prices throughout the country. This insistence is completely understandable but unnecessary, because the position makes it clear that the same prices would not be implied until overall conditions for this are created. This republic fears the implementation of the same price of electricity for the entire country because the cost of producing electricty is very high in Slovenia and an average price that would certainly be lower than Slovenia's price would not be in its interest.

The debate on electric energy balance and the economic position of the electric power industry as a whole make it clear that next year there will be sufficient electric power, but that it will be considerably more expensive. The general orientation is toward having the price of electricity approach the West European level at a faster rate. Currently, the disparity is over 50 percent. Stated more precisely, the average price of electricty in Yugoslavia is only 44 percent of the West European price, and the most expensive kilowatt hour is over 50 percent under the average. The long-term orientation is to reach that average.

The estimate is that next year approximately 80 billion kilowatt hours will be produced and consumed -- 5.1 percent more than in 1985. Such production will demand approximately 64 million tons of coal, 800,000 tons of mazut, and 800 million cubic meters of gas. Consequently, there should be sufficient electricity next year, provided that everybody does his part and that weather conditions do not deviate too much from the norm.

9110/13068
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MILITARY POLAND

ARMED FORCES STRUCTURE, DEFENSE SYSTEM SUMMARIZED

Warsaw ZOLNIERZ POLSKI in Polish 15 Dec 85 p 21

[Text] More often than not we say "the military" and then also use the word "army" or the term "armed forces." The latter term first appeared in the 1850s when the need existed to find a common term covering both the land and naval forces; afterwards, it included the airforce.

The term "Polish Army" first appeared in the 19th century; it was officially introduced in 1918. The term was also used in a decree of the National People's Council of 21 July 1944, according to which the Polish Army in the USSR and the People's Army were united into the Polish Army. We also often say "the Polish People's Army," inasmuch as we wish to emphasize the character of our armed forces.

Current definitions of the armed forces include the concept that the armed forces are the forces and the means allocated by the state to protect its interests and to wage armed conflict. We are talking here not only about weapons, but also about an organization unique to the military.

The Armed Forces of the Polish People's Republic consist of:

--The Ground Forces
--The Air Force
--The Air Defense Forces
--The Navy

Each of these services of the Armed Forces is made up of various force and service branches. Take for example the Ground Forces which are earmarked for operations on land. They include mechanized and armored forces, air mobile and assault forces, rocket troops, artillery, air defences forces, engineers (sappers), chemical troops, ground force air forces, communications troops, radio and combat electronic forces, and others. Various kinds of service elements are also included in the Ground Forces. For example, health, clothing, and food provision services; these services provide the troops with everything they need, both during peacetime training and war.

The same troops and services may be found in the individual branches of the Armed Forces. For example subunits of chemical troops are found both in the Ground Forces, as well as in the Navy and the Air Force.

The Polish People's Army is made up of well organized branches of armed forces, including troops and services which lack for nothing.

As we have already mentioned, the Army is distinguished by its organization which ensures its operational efficiency and effectiveness. The Army can also be likened unto a pyramid; we will again turn to the Ground Forces for an example.

At the very base of the military pyramid there is the squad (a gun crew, vehicle crew, or a crew that services and maintains a technical piece of equipment); a squad is made up of several soldiers and is led by a squad leader (generally a non-commissioned officer).

Several squads make up a platoon which is commanded by a platoon leader, usually an ensign or a junior officer.

The next level of this pyramid is the company (in the Rocket Troops and Artillery, it is a batter); it consists of two to five platoons.

Several companies make up a battalion, the composition of which may also include support elements (sappers, for example). The battalion can be a part of still a larger military unit, the regiment.

The squad, platoon, company, and battalion are considered subunits, i.e., they belong to those military organizations which are called units. A separate tactical unit which has a commander, staff, quartermaster, and subunits is the regiment.

The next higher level of the military pyramid consists of tactical formations. These include brigades, which are made up of commanders, several units and subunits, and support elements.

The next higher tactical formation after the brigade is the division. The division includes: a commander and staff, several units, subunits, and support elements.

Who Directs National Defense?

The national defense is provided for by more than just military forces. The Armed Forces are the most important element, but not the only element of our defense system. From the previous lesson we know that the nation's armed might also includes the country's economic potential, administrative efficiency, etc. The direction of the nation's defense must include many areas. For this reason, the agencies directing national defense include political agencies of authority and state administration, and those social organizations and cooperative unions which undertake measures for defense needs overall.

Political Agencies

Overall direction of the state's activity in all areas, including defense, is provided for by the state's political power: The Polish United Workers' Party. The party cooperates with its allied partiers, the United Peasants' Party and the Democratic Party.

The highest party agencies which are directed by the resolutions of the national congresses, party conferences, and plenary sessions of the Central Committee set the overall concept of defense doctrine, the direction of defense policy, and the principles of operation for the defense system, the development and organization of the Armed Forces, and the participation of the public in the state's defense effort.

Agencies of State Power

As the highest agency of state power, the Sejm is also the ultimate decision-maker in defense related matters. The Sejm's scope of authority includes the passage of laws which impact on defense matters. The basic laws of the Sejm in these matters is its Act of Universal Military Obligation to the Polish People's Republic.

The State Council is empowered to impose martial law and order mobilization. The council's chairman can also impose a state of emergency. During such times when the Sejm is not in session, the State Council can pass resolutions on a state of war with an enemy state or group of states.

The Council of Ministers is empowered to exercise overall supervision in those matters relating to national defense.

An independent agency, which has been entrusted with direct responsibility for the totality of defense and security measures, is the Committee for National Defense.

The committee's duties include:

--the establishment of general guidance in national defense;
--the review of the major problems in national defense and security matters and the delineation of the direction of efforts in this area, together with the totality of the country's socioeconomic development, and the realization of other national tasks;
--the introduction of a propsoal for the imposition of a state of emergency, or martial law, the ordering of mobilization, and the adoption of resolutions concerning war;
--the exercise of administrative functions in matters of national defense and security during the imposition of a state of emergency and martial law;
--the establishment of organizational principles for the Armed Forces, civil defense, and paramilitary units;
--the establishment of missions associated with the enhancement of state defense readiness and the supervision of these missions' accomplishment;
--the coordination of the actions of chief, central, and local agencies of state administration and the nation's economy in matters of national defense;
--the evaluation, supervision, and control of measures dealing with national defense tasks by agencies and organizational elements;
--the execution of other tasks dealing with national defense and security.

The Committee for National Defense is a collective body. It is made up of a chairman, deputy chairman, members, and a secretary.

The committee's chariman is appointed and relieved by the Sejm.

The committee's chairman exercises supreme authority over the Armed Forces of the Polish People's Republic. As the chief of the Armed Forces, the chairman is empowered to:

--determine (at the initiative of the Minister of National Defense) the key trends in the development of the Armed Forces of the Polish People's Republic and their training for national defense;
--express opinions with regard to candidates for the position of Minister of National Defense, chief of the General Staff of the Polish Army, and the commanders of the military districts and branches of the Armed Forces.

The Minister of National Defense commands the Armed Forces and directs their development, training, and readiness in the national defense effort. The minister's principle executive agency is the General Staff of the Polish Army.

Several duties in the area of the state's military defense are executed by the Minister of Internal Affairs; he is responsible for public safety, border protection, combating subversion, guarding economic facilities, etc.

Various other ministers, chief state administrative agencies subordinated to the Council of Ministers, social organizations, and cooperative unions also participate in the realization of defense tasks. Tasks in the area of civil defense are executed by the Chief of Civil Defense. His executive agency is the National Civil Defense Inspectorate.

Local Agencies of Authority and Administration

The people's councils help in strengthening of security and defense readiness in the local area, but direct control in these matters belongs to the provincial defense committees (WKO).

Defense issues are also resolved by local associations, enterprises, plants, and institutions directly subordinated to provincial governors and municipal chairpersons.

Thus, practically all agencies in our country are concerned to a certain degree with defense issues, although the scope of their actions varies.

12247/12232
CSO: 2600/208

DRAFT OF NEW PARTY STATUTES ANALYZED

Prague RUDE PRAVO in Czech 14 Jan 86 p 1

[Text] On Monday, RUDE PRAVO and PRAVDA carried the full text of the statutes of the Communist Party of Czechoslovakia, along with proposed amendments. The document will be submitted for debate to the 17th Congress of the CPCZ at the end of March this year. Now, the amended statutes of the CPCZ are being presented to the party and to the broad public for familiarization. The principle that the party bases its work upon broad knowledge among the populace and upon gaining the public for realizing the policies of the party is anchored in the statute proposals anyway.

The statutes fulfill an important mission equivalent to the fundamental law of internal party life and in the application of the avant-garde task of the party in its fight for realizing the policy line of creating a developed socialist society. The party statutes express the 65-year-old political, ideological, and organizational experience of our party, and they include even the most proven experiences of the Leninist party and those of other fraternal parties.

"The party," it is stressed in the statutes, "is guided in its work by a scientific world view, by the revolutionary teachings of Marxism-Leninism, which form the foundation for its policy and its everyday organizational activities. The party creatively develops Marxism-Leninism, decisively fights against all manifestations of bourgeois ideology, against revisionism and dogmatism, which are absolutely alien to revolutionary theory."

The proposed amendments express the requirement for the growth of the party tasks in the current era of creating a developed socialist society, demands for perfecting the style and methods of its work, the deepening of the leading role of the party in all sectors of social life. At the same time, they reflect the rich experiences of party organs and organizations, which confirm the long-term unchangeable validity of the Leninist principles and standards they contain.

The constantly increasing demands made upon the party and the growth of its influence in all spheres of social life raise the significance of party membership to a higher power. Today, involved attitudes and actions on the part of all members and candidate members are important and not just on the part of

those who hold party or public office. That is why the proposal includes, among others, the provision that a communist has a duty to consistently press for and realize the policies of the party, to clarify it for the broad masses and to gain their support for its realization, to be in constant touch with people, to carefully take note of their views and needs and to react to them in a timely manner. A Communist must conduct himself and appear at all times as a Communist.

All-societal requirements also demand that the principle of social justice in accordance with working merits be promoted and, last but not least, that a decisive battle be conducted against the disruption of socialist legality, socialist morality, and other antisocial manifestations. A Communist must be an active, ideologically firm, and disciplined fighter for the party.

The proposed changes to the party statutes state that a party member is obligated to participate actively in the activities of his basic organization and to be coresponsible for the results of its work, to participate in the preparation of and conduct of membership meetings and in the creation and implementation of resolutions.

The strengthening of party discipline and the strengthening of the tasks of basic organizations is outlined by an additional important proposal, that is to say, the proposal that basic organizations of the CPCZ have the right--with the knowledge of the responsible party organ--to deal with cases of even those Communists who hold office in state, economic, or social organizations and who have violated party statutes and socialist legality. If these Communists are called to account for their actions by a higher party organ, that organ will inform the responsible basic organization of that fact.

The task of social and economic development of the country demands that the activities of party organs and organizations be constantly increased, requires that the party's influence be asserted in all sectors of societal life--in other words, it requires the universal perfection of party work. For this reason, the statutes stress that party organs and organizations apply Leninist principles and methods of management, assert the Leninist style in their work in all sectors of state, public, and economic administration. From the standpoint of contemporary tasks, this means that in these sectors materialness, a critical view, is to be asserted, deep knowledge is to be applied in solving complicated problems and demanding tasks must be assured. It is necessary to deepen work involving people, to hold the party and people accountable for work done, to consistently fulfill resolutions and tasks. Toward this end, it is essential to assure the unity of ideological, organizational, and economic activity, to see to the strengthening of state and work discipline.

The experiences of numerous basic party organizations confirm the importance of the right of party control as an important instrument for the political influencing of the economy. The correct and consistent application of this right affords party organizations more universal conditions for developing control activity--greater influence upon the assurance of economic tasks. The proposed statutes expand the right of control in additional agricultural enterprises, in scientific research institutes, in the housing economy, in

communal services, in schools, in cultural, enlightenment, and health facilities. In this connection, the statutes contain, among others, a proposal giving the opportunity to all basic organizations which have the right to exert control to express themselves with respect to the nomination or recall of leading workers in the area of their jurisdiction.

The intent to apply the leading role of the party in state and social organs and organizations in a more intensive manner is addressed by supplementing the statutes by the addition of a fundamental principle covering the party leadership of these organizations: The party will direct the activities of these organs and organizations through the medium of Communists who work in them. In the chapter on the party and youth, it is proposed, in addition to existing provisions, to stress the duty of party organizations to care for the development of the Socialist Youth Association, to see to the fulfillment of its tasks as a representative of the young generation and of a soon-to-be fellow combatant of the party.

It is necessary to constantly deepen the knowledge of the statutes and to apply them in everyday political and organizational work. The importance of goal-oriented work involving the statutes is underscored by the fact that the ranks of Communists are expanding each year by the addition of tens of thousands of young people. However, no one becomes a Communist by merely being accepted into the party and by accepting a party card. And so, knowledge and the comprehensive application of the statutes is one of the fundamental prerequisites governing future increases in action capability and effectiveness of the work of fundamental organizations and the activities of Communists.

In the near future, delegates from okres and kraj party conferences will be expressing themselves with respect to the proposed changes in the party statutes. By their essence, the essential adjustments are aimed at strengthening the authority of the statutes so that they could fulfill their function under current conditions governing the activities of the party even better than heretofore and the adjustments are also aimed at assuring the necessary tasks in the future.

5911
CSO: 2400/174

NEW RULES FOR NATIONAL ASSEMBLY: TALLY, DEBATE, NEGATIVE VOTES

Budapest MAGYAR HIRLAP in Hungarian 31 Jan 86 p 5

[Article by Balint: "The Legislator's Responsibility. A Meeting of the National Assembly's Budapest Delegation"]

[Text] The invitation that the deputies received was for an informal discussion. What is the deputies' most important task: legislation, the management of local public affairs, or the safeguarding of the citizens' interests? Is it possible to oversee the implementation of the enacted laws? How binding is a vote in committee, and how should the outcome of the committee's debate be reported to the full National Assembly? These and similar questions were raised at the Wednesday meeting to which Istvan Sarlos, the National Assembly's chairman and a member of the MSZMP Politburo, had invited the Budapest delegation in the National Assembly. Karoly Grosz, first secretary of the Budapest MSZMP Committee and a member of the MSZMP Politburo, attended the meeting.

By way of introduction, Istvan Sarlos raised several questions. In view of the fact that two-thirds of the deputies are freshmen, he reviewed the novel requirements stemming from nominating more than one candidate per election district, and from the new electoral system. One of the objectives had been to elect fewer top executives, professional functionaries, to the National Assembly. The population nevertheless nominated mostly qualified candidates in high positions, an indication of the public's more moderate confidence in persons with little experience in public affairs. The nomination of more than one candidate per election district means that there is a closer dependence between the voters and the deputies. After all, when there are two or more candidates to choose from, the citizen will follow more closely the work of the candidate he favored, and the deputy will hold regular briefings for his constituents. Istvan Sarlos emphasized that the holding of such briefings is merely a right, and not an obligation. But this way it carries more moral weight than if it were prescribed by statute or directive.

The deputy's primary task is the enactment of legislation. This entails attending not only the sessions of the National Assembly, but also the committee meetings to form an opinion there. Yes, but often the deputies receive the text of a bill just before the start of a session, while the national organizations and the central agencies concerned get their copies months earlier, protested Dr Frigyes Tallosi, the deputy representing Budapest's 24th election district. Istvan Sarlos promised that the deputies will receive the necessary

documents a month before the start of the National Assembly's spring session. He requested the deputies not to be afraid to express their views, including possible objections, also before the full National Assembly, and not only before its committees. But most of all they will have to speak as briefly as possible and stick to the question. It will be possible to request the floor not only in writing before the start of a session, as up to now, but also by raising one's hand. Thus anyone who has something meaningful to say will obviously speak to the point even without signing up to speak.

How and why should a deputy put a question to the government? He should avail himself of this opportunity preferably only in matters of national importance. In matters of minor significance, the deputy may call on the minister or other official also directly. The question, too, ought to be brief. The deputy should not attempt to also answer his own question; he should leave that to the minister. Incidentally, the deputies should not be afraid to see opposing votes more frequently than up to now. This means that everyone makes up his own mind, in accordance with the interests of his constituents. The delegation from a given megye or region may also agree in advance on what standpoint to adopt and how to vote on this or that question. Professor Kalman Szabo, representing the 36th election district, wanted to know whether this might not be construed as factionalism. He also pointed out that the Presidential Council is assuming the National Assembly's role on many important issues, and thus several questions that would have required laws are regulated by law decrees. He requested that the National Assembly be given an opportunity also to oversee the implementation of the enacted laws. For example, business organizations are completely disregarding several sections of the Enterprise Law, as if they did not even exist. Peter Biacs (30th election district) cited the Environmental Protection Law as an example; its executory instructions have not been issued to this day. The chairman of the National Assembly replied that its operation has often been disrupted by failure to present to the full National Assembly the draft of the executory instructions, together with the considered bill, whereas only in this way can the two be compared and the possible contradictions identified.

Istvan Stadinger (6th election district), deputy chairman of the Budapest Municipal Council, asserted that the Budapest delegation is not sufficiently active in the National Assembly. The deputies are not showing initiative even on important issues. In his opinion, debate should be meaningful also before the full National Assembly, and not only in committee. Dwelling on the role of the press in reporting the proceedings in the National Assembly, Pal Gagyor (he represents the 13th election district) began by saying that he often had to yawn when watching the evening news summary on TV after a session of the full National Assembly. The many reports, in his opinion, do not present by far an accurate picture of a deputy's work. The reports on committee meetings are dull, and all newspapers publish identical reports on the proceedings of the full National Assembly. Istvan Sarlos replied that the National Assembly's Press Office will open on 1 February, which is tomorrow. Its task will be to organize and coordinate public information about the work of the National Assembly and its deputies. Pal Gagyor asked whether it will be possible to tally the votes electronically. The chairman of the National Assembly replied that

such a system has been requisitioned, the money for it is available, and it will be installed sooner or later. It will be possible to use the system immediately to tally the votes on bills, resolutions, and questions put to the government.

Emil Pejak, the chairman of the Budapest delegation, also passed on some of the comments that had been made to him. Several deputies had requested that also the organizational and operational (mainly public administrative) questions concerning essential changes in macroeconomic management be submitted to the National Assembly in due time. Deputies should not have to learn from newspapers about important economic decisions and appointments. Istvan Sarlos recognized these requests as warranted and admitted that the briefing of the National Assembly's deputies still leaves much to be desired. Several deputies complained that the councils and other agencies are not observing the eight-day time limit within which they have to answer letters from deputies. But Emil Pajak, too, emphasized that the primary task of the deputies is to manage the nation's affairs, rather than to perform local duties that fall within the scope of the councils or the IKV [Real Estate Managing Enterprise].

As a "veteran" legislator, Kalman Szabo mentioned that during his long years in the National Assembly he does not recall a single informal meeting of this kind with the National Assembly's officers. Such meetings are an important source of information, for the more experienced deputies and the freshmen as well. In his summation, Istvan Sarlos noted with satisfaction that many practical questions have been raised at the meeting, questions of the kind that rarely can be considered in committee or by the full National Assembly. It would certainly be useful if the other megye delegations held similar discussions on the conditions, means and further possibilities of the deputy's vocation. All this makes for the greater effectiveness of the National Assembly's work.

1014
CSO: 2500/201

POLITICS HUNGARY

DEPUTY VOTING AGAINST 1986 BUDGET INTERVIEWED

Budapest HETI VILAGGAZDASAG in Hungarian 4 Jan 86 p 5

[Interview with Deputy Istvan Avar, by Gyorgyi Kocsis: "Opposing Vote"; date and place not given; first paragraph is HETI VILAGGAZDASAG introduction]

[Text] In their coverage of the proceedings in the National Assembly, the newspapers reported: "With one opposing vote, the National Assembly passed, both in principle and its particulars, the bill concerning the 1986 budget of the Hungarian People's Republic and the 1986-1990 medium-range fiscal plan of the councils." The subordinate clause at the beginning means that Deputy Istvan Avar, the actor (aged 55), voted against next year's budget. We asked him: What were his reasons for doing so?

HVG: Nearly 400 deputies voted for next year's budget. You alone voted against it. Why did you cast a negative vote?

I.A.: I have not the slightest intention to speak out on fiscal matters with which I am not familiar. I nevertheless decided to vote against the bill because, in my opinion, the 5-percent rise of the consumer price level projected in the 1986 budget does not reflect reality. I am not an economist, but I do walk the streets, buy in stores, and talk a lot with people. When I face my constituents, they raise hard questions, and I have to answer them truly. I believe that our society is mature enough to be told frankly that this year prices will go up, say, 10 percent. People accept this more readily than when they are given a lower figure, which they eventually find too low. There was also another reason why I voted against the bill: I did not know in advance about the specific price increases. For the deputies who are not on any of the economic standing committees--I myself am on the Cultural Committee--have no advance knowledge of such things. Of course, we did get a number of important, confidential documents to prepare for the session. But these details were new to many of us.

HVG: Did your opposing vote cause a sensation?

I.A.: Actually it did not. Anyone who was in the National Assembly when this part of the budget speech was presented can testify that some of the deputies were grumbling. Incidentally, my opposing vote went practically unnoticed.

HVG: In your opinion, does it take courage to cast an opposing vote in the National Assembly?

I.A.: No, it does not require courage! But strangely enough and to the best of my recollection--I have been a deputy for 12 years--such economic bills have always been passed unanimously. I would like to make clear that my opposing vote has not been motivated by a desire to be conspicuous or in the limelight. I have ample opportunity to appear on stage. It has been cast because, in my opinion, we ought to show this society the courtesy of greater frankness. Furthermore, I wanted to call attention to something that has become perfunctory, to the voting.

HVG: Why did you not request the floor at the session? Why did you not present your contrasting opinion there?

I.A.: It is customary for deputies to indicate before the start of a session that they will want to speak. Because I just learned of the objectionable provisions there, I would have been able to raise my hand only then. There is no precedent for requesting the floor in this manner, even though no rule prohibits it. Finally I decided to vote against the bill because I felt that if I am not sitting there as an enemy, then why should I conceal my opinion?

HVG: You mentioned that you have been a deputy for 12 years. Have you cast an opposing vote at any time before this?

I.A.: Only once. I had been in the National Assembly for perhaps a year. A teacher from the provinces put a question to the minister of transportation and post. The deputy who put the question accepted the minister's reply. I did not.

1014
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NEGLECT OF EDUCATION COULD BE POLITICALLY EXPLOSIVE

Budapest MOZGO VILAG in Hungarian No 12, 1985 pp 70-76

[Article by Szabolcs Szunyogh: "A Lost Generation?"; footnote 2 missing in original text]

[Text] So far the general public has not perceived how dangerous the so-called demographic wave is. With respect to the current school situation, the abnormally large number of children has weighed heavily only on the public elementary school, i.e., it has weighed more or less equally heavily on everyone, on every student. There are, of course, exceptions: public elementary schools can be found where the conditions are much better than the average, where the number of pupils per class is smaller, where the supply of specialized teachers is complete, etc. But the quality of education--in short, the connection between the parents' station in life and the opportunities for earning a living offered by the school--is incomparably more pallid than it was in the autumn.

The fact is that kindergartens are becoming less crowded. Fourteen thousand fewer children were enrolled in these establishments than last year, so the wave is already subsiding in this sense. Seventeen thousand more children nevertheless attended public elementary school than during the previous year, but the number of first-graders--and this is the noteworthy thing--is smaller than that of second-graders, in other words, last year's first-graders, by about 9,000. That is to say, the demographic wave trough has already reached the public elementary school, and the wave is now rising before the entrance gates of secondary educational institutions.

(This "now" is, of course, a rather vague temporal adverb. It happened during the past academic year that the number of students per high school class was raised to 35 or 40 to no avail: there were simply no schoolrooms for some classes. At Margit Kaffka High School, for example, some classes were held in the dining hall, the gymnasium, even the corridor.)

So far the demographic wave has exerted uniform pressure on everyone, because there is only one kind of public elementary school. There are three kinds of secondary educational institutions, however, or to be more precise, three and a half: high school, vocational training institution, specialized secondary school, and the technical school which in some places is combined with it. The cultural government wants to "carry off" the demographic wave through the vocational training institution, obviously because this is the cheapest solution.

Instruction at the vocational training institution does not last 4 or 5 years, the way it does at the high school and the technical school, but only 3 years. Furthermore, these 3 years are actually only 2, because the students largely spend the last year in workshop practice.

So the high schools and the specialized secondary schools do not receive the bulk of the money. The developmental resources are not "concentrated" there, and consequently the children of parents who advanced to their station in life from the high schools are in an instant squeezing everyone else out, no matter how talented that "everyone else" is. The battle is beginning for admission to high school, which means an opportunity for further education. This battle will end in defeat for the majority, and this will cause as much tension as a 15-percent price increase before Christmas.

In connection with the wave, the critics usually and quite correctly bring up the government's responsibility. They reel off the bad decisions--for example, regionalization--and urge the local leaders to make more courageous use of various stopgap measures: provide instruction in a foundationless barrack, build schools from FORFA and BETONYP elements, or use the half-empty cultural centers for educational purposes. Apart from the fact that I completely agree with all this and that I include on the list of available places the district offices of the Youth Guards and the Communist Youth League, I would quickly add that I do not intend to harp on the school situation caused by the demographic wave. This is a pedagogical bone from which the justifiably enraged investigators have already gnawed everything gnawable. For me the only thing important to establish is that birthrates in recent decades have risen and fallen as a consequence of life outlooks and central measures which seek to improve the birthrates, but the development of conditions in the schools has borne no relation at all to the fluctuation in the number of persons per age group who attend school.

"Let us take the year 1957 as an example," writes Katalin Csato. "At that time the birthrate declined rather drastically, by 13 percent compared with the previous year and by 26 percent compared with 1954. This age group started school in 1963. The number of students per classroom was 46.6, higher than in 1960-61. The year 1962 was the low point with respect to birthrates, 12.9 per thousand inhabitants. (Only in 1982 do we encounter a similarly low rate.) Nevertheless, when these children started school in 1968 and the number of first-graders, roughly 140,000, was the lowest in nearly 2 decades, the number of pupils per classroom was still around 40...The schools experienced even the demographic low point as a demographic peak." (Footnote 1) (Katalin Csato, "Is it Possible to Plan a School for Demographic Peaks?" KRITIKA, 1985, No 1)

In other words, it does not simply boil down to the fact that some educational decisions proved to be wrong or that the cultural government did not possess adequate foresight in certain cases or even that shortage of money is the source of problems, because educational conditions did not improve sufficiently even when fewer children attended school. The supply of teachers--the most important condition for instruction--has constantly been curbed by the permanent restrictions on those who participate in education.

To be more precise: whether it is a question of teacher training, better lighting, more modern educational equipment, or construction of buildings, the money spent on educational matters expresses with utter clarity the trust society places in its own future or the ability of society to look after its future under the pressure of everyday circumstances. It is a very big problem, among other things, if society yields to the pressure of circumstances and attempts to overcome its troubles with the help of a fire extinguisher, because this causes errors of identity. Direct outgrowths of the identity mixup are: an intellectual vacuum which manifests itself in the propagation of the most diverse aggressive customs; apathy and the spread of polarized extremist views; or--let us take an example from somewhere else--a population decrease which spontaneously curtails society's regeneration.

If the government spends a lot of money on schools, it confirms the people's feeling that the leadership can surmount daily problems and can think in terms of at least a decade at a time. This feeling, if it existed, would be an important factor in political stability.

During the past year, 1,429 teachers left the teaching profession. This number is much more serious than the number of university students who do not become teachers. These fourteen hundred persons tried to earn a living as teachers and did not succeed. No one can say how many of the fourteen hundred left the teaching profession for financial reasons and how many departed because of a conflict between reality and their ideals. Even though there are obviously those among them who are better off if they do not teach, for one reason or another these fourteen hundred teachers sought other work, and the community of teachers is poorer because of those persons who had the strength to change. It is impossible to estimate to what degree the professional standard of those who have remained in the field and, of course, their human productivity have declined because of catastrophic working conditions and teacher salaries which trail those of other white-collar professions by 8-15 percent.

Teachers are in short supply and, if we can believe the forecasts, they will remain so. Will the supply of proficient teachers with university degrees be 74.5--77.6 percent in the year 2000?

The backlog in school construction can be explained by financial reasons, but why the number of those admitted to teacher-training facilities is not increased can hardly be justified by the budget's empty pocketbook. There is no doubt that more teachers could be trained, and the expenditure increase cannot be compared with the price of building a school (each classroom costs 2.5-4.0 million forints).

This year, cautiously and to a slight degree, the number of those admitted was raised. Apart from this, the counterarguments continue to reign.

According to them, higher education in Hungary differs from the university system of the advanced industrial countries in that here the number of those admitted is attuned to the manpower needs of the people's economy. It is not stated but it is unambiguously suggested that the state accepts responsibility for finding employment for certified graduates of universities. That is why no more students can be admitted than there will be a need for (as graduates) in 4-5 years.

According to this logic, the university is similar to those sectors of the service industry--be it a question of cambric, taxicab, or commerce--which consider it their task to cater to the people, not to obtain a profit. To this the people rightfully reply that the paternally provident aim of commerce is pleasing, but since it is not free and since merchants do business with us for our money, we certainly would not mind if in place of their otherwise sympathetic concern they ran their businesses. I enter a store and buy something for my money; the salesman, however, sells; and we should remain on these terms. If the salesman is promoted to a supplier, then he immediately becomes an authority, and as an authority he nonchalantly declines responsibility for the entire mixup in supplies, alluding to the objective difficulties and asking the people to please recognize his good intentions. The people cannot really do much else in this situation, or rather they can decide not to recognize his good intentions, even though this does not change anything. If, however, the commerce ventures out onto the market and begins to do business, then the buyer enjoys all those positional benefits which devolve upon the customer in the customer-salesman relationship.

Maybe this logic is acceptable in the case of grocery stores, runs the usually offended counterargument, but it is hardly serviceable in the matter of higher education. The university cannot regard as an equal (if you please) business partner the youth who takes an entrance exam and chooses a career, partly because education is free in contrast to the grocery store, partly and mainly because every danger of movement in the labor market would be shifted to the students, and this could cause innumerable tragedies. After all, at the time they select their careers, persons take into account the profession's prestige which has developed over the decades and not what the likely manpower situation will be in 4 or 5 years according to various official forecasts. It could happen that many university graduates would not find themselves jobs, so it is in their interest not to be admitted to the university.

Aside from the fact that this line of thinking views human beings as incapable of making decisions regarding the most important questions of their lives and aside from the fact that this line of thinking seeks to compel a state of irresponsibility upon young people who are choosing careers, it is not at all necessary to concern oneself about employment opportunities because the state guarantees a job--in short, aside from all this, the logic is weak in its most important points. Because what the state guarantees is not what the university students regard as an employment opportunity, and justifiably so: a job teaching in Biharugra, let us say, is not an acceptable offer of employment for a youth born and raised in Budapest. Furthermore, the fact that university education is free imposes burdens which are more and more difficult to bear for families of medium--or let us put it this way: average--income.

The main problem with this line of reasoning is not, of course, that it is disputable but that it suggests rather than states the essential counterargument. The fear of overproduction of intellectuals probably prevents a radical increase in the number of teacher trainees. Let us immediately add that this fear is not unfounded. A class of university graduates without jobs, if it is a class large in number, carries with it the danger of political instability.

That not as much has been spent on education's infrastructure as should have been can be explained by the fact that not as much has been spent on any sector as should have been. But that the number of teacher trainees has always been kept below what is needed can only be explained by a lack of confidence in the unemployed university graduates. And thanks to this lack of confidence the situation is substantially worse than it might be, and this is good because it drastically r nds us that the generation of the demographic wave is a dangerous generation. bombs are ticking away among its ranks, and it is good that this ticking is n de than it might be. The bomb which is ticking, namely, can still be defu

Quite apart from the errors in pedagogical leadership, there are actually more of these children than Hungary in its present condition can honestly teach. Not only is there a shortage of public elementary schools for them, there is also a scarcity of secondary schools, there will not be enough universities, and they will not find satisfactory jobs for themselves.

There are, of course, frightfully few of these children. They are the minimum: at least as many persons are needed annually in order for there to be 10 million of us--and since the wave-trough generation continues after them, the country's population is declining.

What it does not boil down to then is that the cultural leadership would make some catastrophic mistake if it adapted the school system to the "demographic peak." From the viewpoint of society's regeneration, this peak is no peak at all but rather, let us say, a lowland. And behind the lowland is the precipice.

In an age of pursuit of supremacy, was it the general line of thought that a country's number of inhabitants was a value in itself? For every human being of sound mind, history has definitively refuted the reality of pursuit of supremacy. I do not consider it likely that owing to the dream of a Hungary with 40 million people the general public finds it painful that in a few years there will not even be 10 million of us. It does not just come down to the fact that the country's number of inhabitants is an essential factor in the country's self-preservation even though, perhaps, this is not as foolish a claim as it appears in the mirror of many setbacks in self-protection over the centuries. I believe that there really need to be as many of us as possible because the more persons a country consists of, the more trends, lifestyles, and forms of social conduct it can evolve and the better it can turn into a laboratory for solving the problems which afflict all mankind, or to put it more simply: for a small country it is a sufficiently heavy burden if it wishes to take reality upon its shoulders and collapses. Without this requirement, it is not possible to live, only to more or less vegetate.

Given the economic situation, it is also dangerous to have too many people: because of unemployment in the factories, productivity declines, the jobless spill out into the streets, incomes are reduced due to the deterioration of productivity and the scarcity of jobs, and the people become angrier and angrier. In this mutinous domestic situation, however, only he who is unskillful does not fish, and it is the experience of this country over many centuries that the fishermen are not unskillful.

Mentioned in the introduction, the conflict which is erupting between the secondary schools and the demographic wave now makes perceptible what kind of social tension this conflict will soon cause: the kind which can become political at any moment.

There are two solutions to this national overproduction of people. One is emigration, and the other is prosperity.

It can be explained as a national tragedy of destiny if another 1 or 2 million persons stagger into America. If, however, it does not concern Hungary but rather, let us say, Italy, Turkey, Suriname, Portugal, etc, then one calmly acknowledges that once there is a world market, then labor and capital move around in that market, and this is proper from the standpoint of capital, labor, and the world market. Indeed, even the home country receives certain minor advantages: through emigrants, it becomes more strongly linked than before to international economic life, it can count on a definite inflow of currency, and by granting permission to emigrate, tension is eased, and the boiler is allowed to release its possibly explosive steam.

It is thus almost completely certain that leaders who let themselves be driven into a tight corner will turn to emigration as a last resort, if no other course is open.

Emigration does not, of course, solve the problem of educating growing numbers of children in various age groups, because children cannot, after all, be let out into the big, wide world to try their luck. The manner in which the question raised by the demographic wave is answered will not only influence the public mood during the next few years but at the same time, by way of experimentation, will serve as a lesson for solving the problem of growing numbers of adults in various age groups.

"We have no mineral treasures, no significant energy resources, we have nothing except human beings," said a Japanese professor. (Footnote 3) (Andrea Karpati, "The Japanese Miracle--the Miracle of Education?" PEDAGOGIAI SZEMLE, 1984, No 6) It is fairly well-known that the miracle of education laid the foundation for and preceded the miracle of Japanese industry and of the entire Japanese economy. I personally dislike this miracleworking Japanese school system. Partial observations can surely be accepted, but I hold that the militarized educational system with whose help the battle (declared in 1872) against illiteracy was won by the Meiji restoration in a way which spoke to the world in 1907 leads to aggression, excessive national self-appreciation, and the servility which accompanies it. "The nationwide campaign of modernization swept away the small private schools, and more productive 'people factories' took their place. The teacher took his seat on the platform, and the students in their black uniforms--like a faceless army--looked up at him. The military code and the law which defined the schools' curriculum and operational order appeared at the same time in 1890. Several historians of education have pointed out that not only the date of appearance but also the style and content of the two imperial documents are similar." (Footnote 4) (Ibid.)

One sometimes has the feeling that some teachers in our country, too, are tempted by this type of mass education. Maybe this possibility has not turned into a broader trend because they are unable to fulfill the role of teacher reigning at his platform or of overworked mother/schoolmistress of the definitively feminized profession of teacher.

Let us venture a heretical thought and assume that some of the more successful reform ideas in economic life could also be applied to education. Society should be offered an opportunity to produce as many better schools as it can undertake. (At the same time, this would serve as a basis of comparison: are family budgets more willing to sacrifice significantly more for the future, for children's education, than the state budget?)

Instead of elaborating the plan for the faculty association school and in place of details about legal and financial regulations, such a short essay can only undertake to sketch the basic formula for a possible model. According to it, teachers who work in the association school would not receive their salary from the state, and the local budget would guarantee only the operating conditions: the building, heating, lighting. Each student pays a tuition fee of--let us say for simplicity's sake--500 forints a month. Without deductions for taxes, etc, this would mean a monthly salary of 10,000 forints for the teachers, if there are 20 students per teacher in the school.

In connection with association schools, a person who has grown up with democratic traditions will offer nothing but counterarguments at the outset. After all, this would mean in practice the reintroduction of rating (voters) according to property qualification: he who has the money to pay the tuition fee can send his child to a much better school and offer the child much broader opportunities for earning a living, and thus, from the students' viewpoint, an utterly unjust difference arises among students.

Then there are the less frequently expressed counterarguments. Let us try to put them into words. With the creation of association schools, there may occur in the state education monopoly a rift which in itself is now utterly harmless perhaps, but all it takes is a swing of the ax-blade to fell the tree. Finally, even today there are elite schools, but admission to them is not determined by who can pay the tuition fee--after all, many can pay the tuition fee, and therefore there are few of these elite institutions--but by the parents' contacts. And since up until now--as a job perquisite, so to speak--these parents received better learning opportunities for their children, they would feel deprived of a right (privilege) they had acquired if they were now suddenly forced to pay. Seldom do people voluntarily renounce rights they have acquired. As a result, it is utterly useless to put the idea of association schools to the test, because by citing democratic arguments the beneficiaries of the present, less democratic system of elite schools would in any case immediately torpedo this more democratic system of elite schools.

Let us look at what arguments can be advanced in favor of the association school. For all practical purposes, I have already refuted the first counterargument: a property census is much more democratic than a census based on contacts and, moreover, this sum of money is not so high that it excludes very large throngs

of people. It might be possible now to examine at great length the structure of consumer behavior in various social classes and--aside from the fact that it holds out bright prospects for a well-developed small doctor's apparatus--it may demonstrate what everyone knows, namely, that white-collar workers spend more money on intellectual products than do those in non-white-collar professions. At the same time, of course, it is well-known that the general population, oftentimes struggling with basic financial problems, is today spending greater and greater, even enormous, sums on books and records--and this is not characteristic of just white-collar occupations.

Two poles: even among those who could attain it (not on the American scale, of course), the American-style consumer life model, i.e., a life model which pursues only economic symbols, is not common. Instead we can observe a revival of the traditionally European lifestyle. Its essence does not lie in spasmodically increasing the living standard but in making the quality of life more human, i.e., in the production and consumption of cultural goods. On the other hand, it is well worth seeing how great the number of students from traditional blue-collar-worker districts is who apply to music school, or how more and more municipal elementary schools offer English lessons, and that if people who belong to the more modest income classes ever once and for all overcome their most oppressive financial problems, they would spend gigantic sums on their children's education. I believe they would spend much more if there were more plentiful opportunities.

I add somewhat timidly that there is also family responsibility. From the children's viewpoint, a genuinely unjust disparity in knowledge arises among students if one family forgoes a vacation in Spain and buys a Trabant not a Zsiguli, or buys no car at all, but provides for the children's education with the money thus saved. Question: from the families' viewpoint, is the disparity which thus arises among the students' level of knowledge unfair? Should we stop people from being able to spend what little money they have on better schools for their children? In comparison with how astonishingly weak their knowledge is, children spend an astonishingly large amount of time in classrooms. Nowadays the family can counterbalance this weak knowledge only by financing private lessons: why could it not finance the school itself? The parent who spends his money on luxury articles--not necessarily alcohol but a plot of land, a summer vacation, a bathroom with purple tiles--would like to prevent the neighbor's child from being better educated than his own and then becomes indignant when the neighbor, who does not yet have a bathroom with purple tiles, provides his child with more thorough knowledge. He who is concerned not with nullifying another person's potential but with developing his own can only applaud the prospect of establishing a better school.

I do not dispute that these teacher association schools offer the children surplus opportunities. Preventing the emergence of surplus opportunities is justified only in the event that the surplus is realized to the overall detriment of others. This, however, presumes acknowledgment of the fact that local schools financed with public funds cannot provide their students--due to their weak level of knowledge--with even the minimum chances of earning a living.

And it may be that there is something to this. But the association schools would have not a negative but actually a positive impact on the local schools: the councils would have more money to pay the teachers, i.e., the teachers would be compelled to work less overtime, and perhaps the degree of their overfatigue would be reduced. Moreover, the better school is an attracting force. (Here the ax-blade theory can be addressed. The association schools, since their existence is in the direct financial interest of their teachers, would take much more scrupulous care than at present not to provide a surface for attack: if anywhere, then here the subject matter which the law prescribes--and only that subject matter--would be taught. But here perhaps it would also be taught.)

The basic concern is that there is no more money, nor is there more money for paying the teachers. On the other hand, without an immediate and radical increase in the number of teachers, not only is it impossible to improve the opportunities for further education but even a swift deterioration cannot be prevented. The utilization of the inhabitants' financial strength and the prospect of a monthly income of 10,000 forints would obviously bring a lot of persons with teaching credentials back into the schools.

Many good secondary schools are necessary because otherwise there will occur what the plans for "carrying off" the demographic wave consider proper: perhaps voicing anger, perhaps uttering profanities, the majority of those who finish the eighth grade will enroll in the vocational training institutions.

And this is a very big problem. Aside from the fact that many talents would go to waste and aside from the fact that this seemingly very large age class--together with those 1 or 2 years younger--would have to support many more pensioners, in short, its skillfulness (its productivity) would have to be much greater, aside from all this, I ask: if this swarm of children enrolls in the vocational training institutions, what will we do with so many unemployed skilled workers 3 years from now? After all, unemployment within the factory gates is already enormous.

The more secondary schools we have, the fewer teachers there are who have no job or who are compelled to seek another career, provided that it is possible to obtain a salary acceptable by today's standards.

The more secondary schools there are, the more time we gain. The majority of children from high schools will try to get into institutions of higher education: another 4-6 years. Provided, of course, that the number of those admitted is not kept at a ridiculously low level. It is written in an essay analyzing the prospects for admission that "the present situation of advanced learning unequivocally contributes to the rigidification and conservatization of our society." Nevertheless, an economic upswing and a society's conservative shift can only be encountered in shades of militarization.

The solution to the problem of the age group now entering secondary school is valuable as a model. Only with respect to its essence, naturally, is the lesson valid for the economy or for all the other sectors of society. Perhaps the lesson could be formulated thus: today our society's problems can only be solved by

broader and broader freedom which mobilizes human capacities to an increasing degree. And human freedom can assert itself in society only if society does not shrink from taking expedient measures, only if society wants to assert freedom, not the watchwords of freedom. Solving the livelihood problems of the demographic wave generation through emigration is to be avoided. Those valves and taps must be found through which the fresh air of freedom can reach, more swiftly than at present, society, education, and the economy. This is not a disavowal but rather a confirmation of process control as applied science.

12327
CSO: 2500/188

EUROPEAN 'PEN' TO MEET IN BUDAPEST IN SEPTEMBER

Budapest MAGYAR NEMZET in Hungarian 22 Jan 86 p 5

[Interview with Istvan Bart, Chief Secretary of Hungarian PEN Club, Writer and Translator by Jozsa: "To Protect Writers" Solidarity; About PEN's World Congress"]

[Text] The PEN Club was born as a peace organization more than 6 decades ago. Writers joined its ranks in 1921, shortly after World War I, and the charter created then faithfully reflects the fact that it was written in a Europe divided into conquerors and conquered. Since then PEN has been trying to adhere to the principle of unity between world and national literatures and writers' solidarity. The only world organization at the present time for writers held its annual congress in New York last week. The Hungarian PEN Club was respresented by its chief secretary, Istvan Bart, writer and translator.

Writers from all corners of the world have gathered for the 48th time--says Istvan Bart--about 700, with giants among them like Abe Kobo, Norman Mailer, Claude Simor, Vang Meng, Guenter Grass, Hans Magnus Enzensberger, Sven Delblanc, Mario Soldati, Susan Sontag, E. L. Doctorow, Saul Bellow, Kurt Vonnegut, William Styron, Bernard Malamud, Ryszard Kapuscinski, Isabel Allende, Alan Ginsberg and Vasco Popa. The conference was held at two levels: the official conference, conducted by the executive committee of PEN, was held in the St. Moritz Hotel behind closed doors, with each member organization represented by one, or maximum two individuals, while in the adjacent hotel and several other places there was a fantastic wealth of supplementary activities. Morning, noon and night readings were given for the attending poets, writers, and public as well, as so-called round table conferences were held in which 4 or 5 writers read their 5-10-minute essays on predetermined topics, usually followed by debates, before an audience of 200-250, comprised of American PEN members. Among other topics, one topic emerged this year that was particularly difficult to define and interpret, and indeed it embarrassed the majority of the speakers. Its title was: "The Image of the State, and the Image of the Writer." Two-to-three round table conferences were scheduled for this subject, and Pierre Trudeau and Bruno Kreisky were invited to attend the last one. But aside from this, the program's subjects were extremely varied, debates were held about the state of artistic translations, women writers and women's literature, the state of national identity, and much more. Sometimes we

witnessed noisy scenes, Norman Mailer, for instance, got into the crossfire of angry accusations by women writers, and the mildest description he received was "male chauvinistic pig."

[Question] I assume the closed meeting of the official congress was less dramatic.

[Answer] So much so that American newspapers and press agencies reported strictly the public events in the belief that those were the PEN congress. The executive committee and PEN Club delegates discussed issues that were totally independent and different from the above. We discussed the internal matters of the organization, among them financial matters, of course, and the issue of our ties to UNESCO, since PEN receives considerable subsidies from UNESCO. Pert Wastberg, Swedish writer resigned his post of international chairman, and the congress unanimously elected Francis King, English novelist and short story writer, who, as a member of the British delegation came to Budapest recently to attend a cultural forum. Partly due to the presence of Nadine Gordimer, international co-chairman of PEN, the most interest focused on the situation of South African writers, but much attention was given to the circumstances of Philippine writers, the activities of the underground PEN in Turkey, the possibility of estalbishing a Turkish PEN Club in exile, the harrassment suffered by Puerto Rican writers from the FBI, the imprisonment in Iran of a French journalist, and much more. The international PEN brought a resolution to ask the government of Great Britain to re-examine its decision to withdraw from UNESCO. The executive committee is establishing a fund to assist persecuted writers. The general assembly unanimously condemned the violation of cultural rights of minorities. A recommendation was made to establish a Jordanian and a Guatemalan PEN Club in exile.

[Question] The Program and Translation Committee of the International PEN Club has a Hungarian chairman, Ivan Boldizsar. Did this committee have a session in New York?

[Answer] It had its most interesting session so far together with the translation committee of the American PEN. Unfortunately, Ivan Boldizsar could not participate. We submitted a theoretical declaration to the meeting of the executive committee, to set up ethical rules for publishers and translators. Our lengthy debates reflected the chaotic conditions in the world for translations. In several countries artistic translators live and work unbelievably defenselessly. Copyright issues are not resolved. The sample contracts we recommend are only going to improve the situation if they are going to be implemented, and we do not have any illusions.

[Question] The press reported that the International PEN Club plans to have a European regional conference in September in Budapest.

[Answer] The host is going to be the Hungarian PEN Club, just as the Hungarian government was the host of the cultural forum. The goal of the meeting, to be subsidized by UNESCO, is to disucss the recommendations submitted in the literature workshop of the Budapest cultural forum, as several

of them are of interest to the International PEN. We would primarily like to bring up the most important Hungarian suggestion at the forum; we are going to recommend that this regional PEN conference put on its agenda the issue of disseminating lesser known European cultures and languages, and this, of course, fits into the larger issue of literary cooperation in Europe. Incidentally--to return to New York for a moment--M'Bow, the chief director of UNESCO, also participated at the congress, and after his speech, answering a question, assured the regional conference in Budapest of his support.

12366/12795
CSO: 2500/183

POLITICS POLAND

NEW 'SECRETARY OF STATE' POSITIONS IN VARIOUS AGENCIES

Warsaw MONITOR POLSKI in Polish 6 Dec 85 item 245 p 439

["Resolution No 177 of the Council of Ministers of 15 November 1985 on Establishing the Post of Secretary of State in Some Agencies of State Administration"]

[Text] With a view to ensuring integrated implementation of priority goals of special social or economic significance, the Council of Ministers decrees the following on the basis of Article 11, paragraph 1 of the law of 12 November 1985 on changes in the organization and scope of responsibilities of certain main and central organs of state administration (DZIENNIK USTAW No 50, item 262):

Article 1: The post of the secretary of state is established in the following agencies of state administration:

1) in the Ministry of Construction, Spatial and Communal Economy--with responsibilities for the development of materials production for construction and communal economy,

2) in the Ministry of Finance--with responsibilities for the financial systems of the units of socialized economy, price policy and financial planning and auditing in these units,

3) in the Ministry of Agriculture, Forestry and the Food Economy--with responsibilities for forestry, timber management and forestation,

4) in the Chancery of the Council of Ministers--with responsibilities for the structure, methods of operation and cadre management in state administration as well as the oversight of the local organs of state administration.

Article 2.1. In ministries where the post of secretary of state is introduced the latter discharges the responsibilities of the first deputy minister.

2. The scope of responsibilities of the secretary of state is outlined in the statute of the ministry.

Article 3. The resolution takes effect on the day of publication.

Chairman of the Council of Ministers: Z. Messner

9761/12232
CSO: 2600/229

RESOLUTION ON CITIZEN OVERSIGHT COUNCILS FOR UNIVERSITIES

Warsaw MONITOR POLSKI in Polish 6 Dec 85 item 243 pp 437-438

["Resolution of the Council of State of 30 November 1985 on the Scope and Mode of Operation of Citizen Oversight Councils of Universities"]

[Text] On the basis of article 5 paragraph 3 of the law of 4 May 1982 on university education (DZIENNIK USTAW 1985, No 42, item 201) the Council of State decrees the following:

Article 1.1. Citizen oversight councils, henceforth referred to as "citizen councils," set up by resolution of a relevant provincial national council and operating on all or individual university campuses situated in the province work to establish a closer bond between universities and the public as well as the economy and culture of the region in accordance with the guidelines laid down in the present resolution.

2. An appropriate provincial national council setting up a citizen oversight committee for universities should reach an understanding with the provincial national councils interested in its activity, especially if organizational units of the university in question operate on their territory.

Article 2.1 Specifically, the following fall in the scope of activities of the citizen councils:

1) analyzing the state of university education, its needs and opportunities for its development in the region, and contributing the views and requests in this matter to the socio-eocnomic and spatial plans and budgets of national councils;

2) carrying out social control and evaluating the operation of universities, especially the discharge of their responsibilities in upbringing in accordance with the constitutional principles of the socialist state;

3) taking measures aimed at organizing assistance to the universities in improving their base of assets and at encouraging enterprises to this end;

4) indicating the problems of significance to the region, initiating R&D activities and practical actions by the universities as well as suggesting avenues of development for this research, scientific-technical progress and training of cadres meeting directly the socio-economic and cultural needs;

5) advancing views and suggestions as to the use of the R&D potential of the universities for the purposes referred to in point 4 and initiating the actions by universities with a view to using in practice the results of their R&D work as well as in the field of efficient management and proper use of the assets of universities, including that for non-scientific purposes;

6) promoting and developing direct ties with the community at large, including especially other colleges, social organizations and enterprises as well as offering opportunities for mutual service and comprehensive cooperation;

7) initiating activities by the organs of state administration which enable university graduates to obtain employment commensurate with their qualifications.

2. In meeting the goals set in paragraph 1, the citizen councils make use of information, reports and studies provided at their request by the presidents of universities as well as those prepared by the organs of the provincial national council.

Article 3. While meeting the goals outlined by the provisions of article 2, the citizen councils adopt opinions and recommendations which are submitted to the relevant provincial national councils and organs of state administration as well as the universities.

Article 4. The citizen councils are nominated for the duration of the terms of provincial national councils.

Article 5.1. The number of members of the citizen council should be commensurate with its areas of responsibility but should not exceed 30 persons.

2. The chairman and members of the citizen council are nominated and recalled by the provincial national council at the request of the presidium of the latter council.

3. The citizen council elects a presidium, which consists of the deputy chairman and secretary along with the chairman.

4. The chairman of the citizen council manages the work of the council and calls its meetings.

5. Relevant university presidents are invited to take part in the meetings of the council.

Article 6. Before the end of November of every year, citizen councils report to the presidium of the relevant provincial national council on their activity and on using the reviews and implementing the recommendations referred to in article 3.

Article 7. Citizen councils adopt their statutes detailing their operation procedures.

Article 8.1. The office of the provincial national council which has nominated the citizen council renders organizational and technical support to the latter.

2. Members of the citizen council residing outside its venue are entitled to allowances for the time spent in meetings or carrying out their assigned responsibilities outside the place of residence and to a refund of travel expenses in accordance with the guidelines for the employees of state administration.

3. Outlays entailed by the operation of citizen councils are financed from the budget of the relevant provincial national council.

Article 9. The resolution takes effect on the day of publication.

For the Chairman of the Council of State: T. Mlynczak

9761/12232
CSO: 2600/229

REVIEWER ADVOCATES ECONOMIC STABILITY BEFORE 'DEMOCRATIZATION'

Warsaw PRAWO I ZYCIE in Polish 14 Sep 85 p 11

[Article by Kazimierz Z. Sowa: "The Crisis and Society"]

[Text] Problems relating to the economic, social and political crisis, which began to trouble Polish sociologists even before August 1980 and which almost fully engulfed the science of sociology during the Sixth Congress of Sociologists in Lodz (September 1981), are now no longer as popular among sociologists. This is seen in the topics of new research as well as in the definite decline in attendance at scientific meetings at which papers dealing with the crisis are being delivered. (Incidentally, noninstitutional, union forms of scientific activity in recent years--at least in the social sciences--are total disappearing.) The reasons for this state of affairs are a separate problem.

But recently books are appearing (and this is because of the abnormally long publishing cycle in our country) which pertain to or were written during the severe phase of the 1980-1982 crisis. Unquestionably the impressive volume published recently by Warsaw University under the title "The Polish Society During the Crisis," is one of them. The work was done in the Sociological Studies Methodology Department of Warsaw University, directed by Prof Stefan Nowak, as part of the research on the problem, "Economic, Social and Political Mechanisms for Shaping and Satisfying Human Needs," and stems from the conference in Grzegorzewice which was held in December 1982. The subject of the conference was "The Polish Society During the Profound Crisis; Transformations, Awarenesses and Behavioral Variants." Because of the small number of copies printed and its unavailability on the market, we are reviewing the book here.

The volume, in addition to the introduction by Stefan Nowak, consists of nine chapters--papers delivered at the above-mentioned conference, written by 10 authors, young people and even very young people, drawn together around Stefan Nowak. The only exception is the first chapter, titled "Changes in the Level and Structure of Consumption and the Degree of Satisfaction and Deprivation of Basic Needs," written by an economist outside the University, Zygmunt Zekonski. It is supposed to constitute an "objective" background to the analyses of the values and attitudes of Polish society at the turn of the 1970's in the work being done.

The text, or rather the problems dealt with in the following chapters, are as follows: Living Situations as Stress Factors (Anna Titkow); Changes in the Perception of Social Divisions (Magdalena Gadomska); The Social System of the 1970's (Ireneusz Krzeminski); Collective-Awareness Shaping Processes During 1976-1980 (Grzegorz Bakuniak and Krzysztof Nowak); Changing Values of Polish Youth (Antoni Sulek); Social Awareness During the Crisis as Revealed in Diaries (Anna Giza); The Identification Crisis in the Perspective of Everyday Life (Krzysztof Nowak); Factors in Interpersonal Solidarity and Mutual Assistance (Iwona Jakubowska). The book ends with an extensive essay by Stefan Nowak; its title seems to sum up the entire volume: "Attitudes, Values and Aspirations of Polish Society. Premises for Forecasting in the Light of Changes Already Made." There is also a note about the authors at the end of the volume. The text of the book, in view of its character (a collection of papers) is so abundant and diverse that it would take a large number of pages to discuss it honestly and adequately. That is why I cannot attempt to do so here.

The book, as I have already said, pertains to the subjective side of social reality, i.e., the world of people's convictions, values and strivings. The authors realize the limitations of such a perspective in the study of social life, but they are also aware of its importance in the process of social change and its usefulness in sociological research. Stefan Nowak, in his introduction, described this as follows: "It became evident during the last few years (...) that long-underestimated attitudes, strivings and aspirations of a multimillion nation are able to make themselves loudly known, and sometimes even as one voice, which means that when one wants to explain history as well as when one wants to make it, the events in this area must not be forgotten (...). I think that personal beliefs, feelings of frustration or satisfaction, the conviction of masses of people that the society around them is changing for better or worse, is also an important criterion for the sociologist as to what is happening in that society or to that society. Thus giving evidence of these human feelings and social opinions is an important task for a researcher in the study of people as well as the societies that they comprise. This applies equally to those phases in society's history when they enter a crisis, or when a crisis becomes deeper. That is why, although we are aware of the limitations of the perspective applied in this volume, we still believe it to be important."

However, several pages later, in the first paragraph of the essay ending the book, Nowak writes: "There are (...) moments in the history of particular social systems when attitudes, values and human aspirations become especially important. The method of functioning, and sometimes the form and actually the ability of the social system to function relatively efficiently, depends on them, at least partially. I have a feeling that I am writing this essay in just such a period of history, hence the special role of the problems raised in it."

The justification for the choice of subject, contained in the first quote taken from the introduction, is undoubtedly valid and convincing. On the other hand, his "strong" version presented in the second quote may arouse reservations. The statement that the form or functioning of a social system may depend on attitudes, values and aspirations may be true only in the sense

that the statement that a flood is the consequence of the overflow of water over a dam or other flood-prevention means is true.

But here I am arguing more with the unfortunate choice of some of the wording or some of the research assumptions than with the substance of the book. Nowak, as well as other authors, definitely go beyond the problems of values and attitudes, searching in many places for the real and underlying causes and mechanisms of the crisis, and also the present state of Polish society. A particularly valuable feature of Stefan Nowak's essay, quite rare with this consummate scholar, is the examination, in a historical perspective, of our entire 40-year postwar history. It would have been extremely interesting had the author found a similarity to the events analyzed by him to much earlier periods of our national history.

On the other hand, it is difficult for me to agree with the main thesis or the practical postulate of this extremely interesting work by the editor of the volume. For example, Nowak says this, more or less: The economic crisis in Poland is so lasting and so deep that there is no reason to expect a quick and significant improvement in our economy. Therefore, we must establish compensation mechanisms to relieve social frustrations, based on--tout court--a distinct and meaningful democratization of social life. However, my view on this issue is completely different. I believe that the slogan "no bread without freedom" is a beautifully expressed, abstractionally valid--within European culture--moral idea, which should be the compass of human striving over the long historical perspective. But I see no practical application for the idea "freedom without bread." Furthermore, I believe that going in this direction would lead, under the present circumstances, not only to social anomy, but to annihilation or at least to another great national catastrophe.

That is why I believe that we should first of all strive--and this is a suggestion to all Poles--to improve the economic situation, and that matters such as increased freedom or "democratization" should be regarded as a future, or strategic goal. Despite appearances, economic changes may occur in the "short phase" and we could come out of the economic crisis faster than we thought--assuming, of course, that the main criterion for introducing changes will be management efficiency (it does not matter whether the cat is black or white, but that he catches mice--Teng Siao-Ping). And on this front--I use this military term deliberately--the relentless battle should be fought, for the battle is for our "to be or not to be" in Europe.

The alternative or even a discussion on democratization versus economic reform applies to specific Polish conditions in 1985 and is not some kind of general directive or rule for social development. That is obvious and there is no reason to justify it further. But sometimes, in individual as well as collective life, we must give up something, even something very important, in order to attain that which at a given time is of the utmost importance, something which may determine our further existence. Many national misfortunes have befallen Poles because they did not know how to give up something which at that moment in history was unattainable and not of the utmost importance.

And finally the last comment on this interesting volume from the researchers of Warsaw University. This work shows, and in any case allows us to believe, that the values and attitudes of the authors themselves had a certain influence on the picture of reality presented by them. This is not a work written sine ira et studio: traces of "irae" are quite evident in it. This is not an accusation. A scholar has the right to his own value-conditioned interpretation of the reality under study. Anyway Marx, and not just he, said that "objective knowledge"--in the case of the social sciences--does not exist. At least some of the authors of this volume are aware of these conditions and limitations. Antoni Sulek, in his very interesting chapter on the changing values of Polish youth expressed this beautifully. The conclusion of his article applies, in my opinion, to the entire volume. We will quote in its its entirety

"(...) it is possible that this work reveals (not only) the values of the youth being described but (also) the values of the author himself. This does not stem from any lack of respect for the author of the Werturteilfreiheit (underscored) postulate, but from somewhere else--from the fact that the author takes a specific value position on the subject of this work. Such a position, as methodologists teach, may also influence the selection and interpretation of material, that the study furnishes only a pseudoconfirmation of the researcher's preconceptions. It is possible, therefore, that the author happened only upon those studies whose results were compatible with his own preconceptions, that he made a biased interpretation of results which were susceptible to various interpretations, that during the course of an unsystematic reading of newspapers he gave more attention to facts which were compatible, rather than incompatible, with his own hypotheses, that he projected the results of observations of his surroundings, or even worse, his opinions and values, on the people he was writing about. Therefore, it is also possible that a researcher of a another axiology, with a stronger methodological superego, with access to materials not available to the general public and the author, or to circles unknown to him, would arrive at another picture of the changing values of Polish youth. The author would be curious to see such an undertaking." And I can only add: so would the person writing this.

It is too bad, therefore, that the book appeared in such a small edition and will not be able to be the subject of broader scientific as well as social discussion. In any case, it should become the object of keen attention by interested scientists and those who are making decisions on Poland's present and future.

"The Polish Society During the Crisis." Collected Works, Stefan Nowak, editor, University of Warsaw, Institute of Sociology. Warsaw, 1984, 468 pp. (the book appeared in February 1985).

9295
CSO: 2600/182

CRITIC QUESTIONS DEFINITION OF 'NORMALIZATION'

Warsaw POLITYKA in Polish 26 Oct 85 p 16

[Text] The elections to the Sejm, held on 13 October, are regarded by everyone, both here and abroad, as the next step in the normalization of conditions in Poland. The differences, and there is no point in concealing them, pertain only to how these election results are interpreted. There are some, those who are the most optimistic, who say that the results indicate overwhelming support for the government's political line; therefore they assume that the participation in the elections stems from a rebirth of social activism. The unfavorable comments suggest that participation in the elections was, to an overwhelming degree, based precisely on passivism; that is, on the fact that people are tired and have reconciled themselves to things as they are. Of course, I am ignoring the opinions of those who believe that the participation in the elections was the result of mass pressure and terror, because heaven knows there is no way in which 78 percent of the adult, enfranchised citizens of our country could be terrorized; our postwar history has shown many times how highly impossible this would be. In any case, these elections results, which are genuinely in agreement with the personal observations of every one of us (because, after all, about 8 out of every ten people we know went out and voted) are, and should be, as had been said, a portend of normalization.

But from this very perspective we should stop and think about what the word "normalization" really means, because it is a term which we use a great deal but examine rarely.

I think that for most users of this word it means mostly the absence of a distinct atmosphere of political confrontation, expressed also in street demonstrations and skirmishes. That is what we imagined normalization to be in 1982, or even in 1983, when we saw public calm as its first condition. Of course, this criterion, undoubtedly a correct one, applies mainly to our peculiar Polish political customs, for in most Western countries--France, England or West Germany--there is no need to explain street skirmishes for they are not unusual, and no one says that there is an absence of normalization because they take occur in Frankfurt, for example, or Paris.

But in our country such outside events were supposed to mean that there is some kind of self-styled, savage clique in authority while the nation, underneath, is boiling and erupting like a volcano. The elections, I believe, changed that point of view. Normalization is seen throughout the world as a state in which, despite the fact that various groups express their dissatisfaction with the existing state of affairs more or less energetically, people and groups exercising authority do so with the support or at least the acquiescence of the majority of society. I think, in the light of the elections, that we have reached just such a state.

But we should not be so naive as to not realize that for some circles "normalization" means that everything can be as it was formerly. According to these people, the "normal" state was that which led, from time to time, to recurring social and economic crises and desperate conflicts, while any move aimed at questioning or changing this state is "abnormal. According to the declarations accompanying the entire elections campaign, the election results should be deservedly disillusioning to all of the advocates of this concept of normalization.

But these deputies, if they want normalization and want to continue to strengthen it, must, just as we all, stop and think for a moment: what really is now normal in our life and what is profoundly abnormal? In fact, the entire continuation of this process called normalization depends on the answer to this question.

For example, is it normal in a society as diverse as ours for there to be so many viewpoints on social and political issues, and even on our political system?

Certainly it is, and I cannot imagine that this normalcy could be questioned within the framework of any kind of normalization.

But since it is so, is it normal for the differences that really exist to be expressed publicly, in our social life, in the press, and in the Sejm?

I think yes, and that it would be truly abnormal if there were a choir of voices all singing the same tune. Of course, here too, we should add that normalcy also means expressing this diversity within the limits established by the constitution, or--in order not to reach so high--by the binding right of the press, which during the process of normalization should be applied in all of its sections.

The most normal thing in the world is the right to broad contacts with the outside world--contacts abroad, both official and private. Our 20th century is such that that which was once a secondary matter now moves to first place among human needs. I think that in this respect we came very close to normalcy during the late 1970's and that a certain limitation here (for example, the need to obtain often very questionable "invitations" from abroad when personal foreign travel is financed out of one's own funds) moves us away from normalcy rather than brings us closer. The right to a passport is normal. The absence of this right is a deviation from the norm.

Despite the fact that foreign broadcasts and foreign commentators see these things differently and constantly apply police-state criteria to Poland, a country locked and gagged--which, with time, becomes really exasperating--we see many more abnormal things not in the area of personal rights and freedoms but in the economy.

For example, it does not seem to me to be normal that in a European country at the end of the 20th century a system of rationing should exist into infinity. We have become accustomed to ration cards. Sometimes we have even learned to like them, because one can learn to like anything given enough time and proximity, but this is not normal. I think (perhaps too optimistically) that during the term of the present Sejm this abnormality should disappear, provided, of course, that we do not want to accept it as something that is normal.

But in the opinion of the public, the disparity, or really the total incongruence of prices and wages is an even greater abnormality than the rationing system. I am not talking here about speculation, of course, but about official, state prices. Let us tell the truth: we are living in conditions where almost every purchase except for our daily staples--bread, cheese, potatoes, etc.--arouses immediate suspicion of highly sophisticated swindles and embezzlements on the part of the purchaser. I am not saying that that is how these suspicions arise, however I am saying that in the light of bald statistics this whole thing looks absurd. Out of what kinds of incomes are people buying suites of furniture in state stores for 300,000 or 400,000 zlotys? Out of what kinds of incomes are they buying color television sets costing over 100,000 zlotys? Or automobiles for a million zlotys? There is no mathematician who could account for this on the basis of our official wages and salary system, and that is what seems to me to be profoundly abnormal.

What am I asking for here? That more money be printed so that the price agree with the wage? That prices be reduced so that it is not profitable to produce? That profit margins be reduced so that it would not be profitable to sell? All of these nonsenses have already been applied and, of course, they have not produced results. Nor am I an advocate of a system in which everything is for everyone. There are, and should be, goods which will be accessible only to those who earn more, or really much more. But in this case I would like to be able to completely calmly, applying all principles of mathematics, calculate how Mr X, a full member of the Academy of Sciences, Mr Y, the managing director of a huge combine, or Mr Z, a skilled journeyman working in accordance with all of the regulations of reform, can afford to buy furniture, a television set, or an automobile, while also maintaining a family, eating three times a day and buying new shoes every once in a while. The ability to make such a calculation would, in my opinion, be normal and more invigorating to me than Minister Nieckarz's fiscal acrobatics.

It would also be much more normal if within the framework of normalization the regulations governing such a fundamental right in the life of every society as the right to ownership could take on a degree of permanence. This right is really devilishly simple and is based on the premise that [illegible]at I have purchased is my property, and that what is my property I can sell, [illegible] away, or even lose. There is nothing else in this law and even a child ca[illegible]rn

this. But please apply its crystal clarity to the housing situation, for example, when not too long ago we were being encouraged to buy state-controlled and cooperative housing and such purchases were made easier for us. This property was to be ours, but now try to sell this unquestioned ownership; I have already seen a couple of people who have turned gray while trying to do so. Please apply the ordinary logic of the right of ownership to the actions of the private sector in the economy, where fiscal and property regulations change in kaleidoscopic fashion, or to those already famous "Polonia firms," of which a good percent--and I suspect particularly those who did not get used to the ups-and-downs and swindles--are now leaving Poland, and we will see how simple things become distorted through improper use.

We are now entering a stage of normalization. Logically this should mean that we will be surrounded by more normality and less abnormality. Sometimes we do not even realize how ambitious this concept is.

9295
CSO: 2600/182

POLITICS POLAND

BRIEFS

SD TERRITORIAL SELF-MANAGEMENT MEETING--A review of the way the bill about the system of national councils and territorial self-management was being put into effect in Konin Province was the subject of the conference of the councilmen-members of the Democratic Party and the SK aktiv of the voivodship. Tadeusz Witold Mlynczak, chairman of the CK SD, deputy chairman of the State Council, took part in the meeting. He acquainted the participants with the State Council's resolutions about the current functioning of that bill and suggested future tasks for the councilmen and the SK aktiv, which when realized, should contribute to further democratization of life in that province and better implementation of the bill. [Text] [Warsaw ZYCIE WARSZAWY in Polish 5 Dec 85 p 2] 12470/12232

PRON ORGANIZATION MEETING--At a meeting in Lodz of the PRON activists of the Baluty District, it was debated how should the basic PRON units develop, what is the main direction that their activity should take and how to avoid schematization at work. The general secretary of RK PRON, Jerzy Jaskiernia, who participated in the meeting, pointed out the necessity of planning new methods for PRON work that are more appropriate to the ongoing normalization of life in the country, the changing general conditions, change in the priorities of the people's needs and expectations. Our task he stated, is to work out such methods of action as will answer the needs of the second half of the decade of the 1980's. [Text] [Warsaw ZYCIE WARSZAWY in Polish 5 Dec 85 p 2] 12470/12232

MILITARY AGITPROP SESSION--A session of the aktiv of propaganda and campaigning of the Armed Forces PRL took place in Warsaw, at which they summarized the results of a year of political schooling and evaluated the propaganda and campaigning activities of last year. They stressed the importance of those activities for perfecting the process of education, strengthening the moral-political condition, improving discipline and battle readiness of the military force. The main goals and tasks for 1986 were defined. The leading officers-activists in the field of propaganda and campaigning received diplomas and awards. General Leslaw Wojtasik, deputy chief of the Main Political Directorate, Polish Army, took part in the meeting. [Text] [Warsaw ZYCIE WARSZAWY in Polish 5 Dec 85 p 2] 12470/12232

PARTY CUSTOMS ADMINISTRATORS CONFER--In Warsaw a conference took place of the party managerial aktiv of the customs administration for the purpose of evaluating the work of that service in the past year. Among others there was a

discussion about streamlining the work of the customs offices in their processing of people and goods and also about combating criminal activities connected with customs duties. [Text] [Warsaw ZYCIE WARSZAWY in Polish 5 Dec 85 p 2] 12470/12232

ZSL CENTRAL AKTIVS MEETING--On 7 December a conference of the central aktiv of ZSL took place in Warsaw devoted to a discussion of the tasks of the party arising from the socio-political situation of the country. A lot of attention was given to the political-organizational activities of ZSL in view of the report campaign in circles and community units of the party which in accordance with the instructions of the Presdiium of NK will last till the end of March 1986. The goals in this area were presented by Bogdan Krolewski, member of the Presidium, NK secretary. Kazimierz Olesiak, member of the Presidium, NK secretary, reported on the socio-economic situation of the villages, including problems connected with realization of the joint agrarian policy of PZPR and ZSL. [Text] [Warsaw RZECZPOSPOLITA in Polish 9 Dec 85 p 5] 12470/12232

PZPR DELEGATION IN ANGOLA--The PZPR delegation to the II Congress MPLA--Labor Party headed by Waldemar Swirgon, secretary KC, was greeted by the chairman of the Angola party and president of the republic, Jose Eduardo dos Santosa. The delegation held talks with the chairman of SWAPO-Liberation organization of Namibia, Sam Nujoma. [Text] [Warsaw RZECZPOSPOLITA in Polish 6 Dec 85 p 7] 12470/12232

ARMY POLITICAL DIRECTORATE IN SFRY--Delegation of the political directorate of the Polish Army headed by the deputy minister of national defense, chairman GZD WP Jozef Baryla, is staying in Yugoslavia since the 3rd of this month. Meetings and discussions between the Polish deputy minister for national defense in Belgrad as well as in Lublana (the capital of Slovania) served to strengthen even further the ties of cooperation between the armed forces of the two friendly nations. [Text] [Warsaw RZECZPOSPOLITA in Polish 6 Dec 85 p 7] 12470/12232

MLYNCZAK IN PRAGUE--An official delegation of the Democratic Party headed by the chairman CK SD, deputy chairman of the State Council PRL Tadeusz Witold Mlynczak arrived in Prague last Thursday, on the invitation of the Central Committee of the Czechoslovakian Socialist Party, In the afternoon plenary discussions took place between the representatives of both parties in the capital city of CzPS. T.W. Mlynczak and the chairman of CK CzPD D. Kuczera presented the political, social and economic situation in the two countries. [Text] [Warsaw RZECZPOSPOLITA in Polish 6 Dec 85 p 7] 12470/12232

OPZZ, TECHNICAL ORGANIZATION COOPERATION--The managements of OPZZ and NOT agreed on a program of cooperation in the areas of: technical development, introduction of the economic reform, bio-technology, safety and humanization of labor. It also covers problems of saivng and protecting the natural environment, protection of professional privileges, raising the ranks of engineers, technicians and foremen, and the protection of their work and living conditions. OPZZ and NOT will cooperate with the political and state authorities in the selection from the engineering-technical cadres of people for managerial positions and they will inspire and support the spirit of creativity and nationality of work. A decision was also made to organize joint teams of specialists

to work on expertise, opinions, reports and everything else pertaining to the main problems of socio-economic development and scientific-technical progress in the country. [Text] [Warsaw TRYBUNA LUDU in Polish 3 Dec 85 p 5] 12470/12232

WALBRZYCH DEFENSE COMMITTEE--A conference of the provincial Defense Committee took place in Walbrzych on 2 December. The socio-political situation and security in the voivodship were reviewed, as well as carrying out defense tasks in some units of state administration on the basic level. [Text] [Warsaw TRYBUNA LUDU in Polish 3 Dec 85 p 5] 12470/12232

PRON FOCUS ON YOUTH--At the Warsaw meeting of 3 December between the General Secretary RK PRON Jerzy Jaskiernia and the leaders of youth organizations, there was a discussion about youth's problems which should become the main interest of PRON leadership and problems of youth's participation in the work of the movement. [Text] [Warsaw TRYBUNA LUDU in Polish 4 Dec 85 p 2] 12470/12232

HUNGARIAN SCIENTIFIC-TECHNICAL COOPERATION--On 3 December the Deputy Prime Minister Jozef Koziol held talks with the ambassador of the Hungarian People's Republic on the subject of matters connected with the preliminaries to the 22nd session of the Polish Hungarian Committee for Economic and Scientific-Technological cooperation. [Text] [Warsaw TRYBUNA LUDU in Polish 4 Dec 85 p 5] 12470/12232

AMBASSADOR TO TUNISIA NAMED--On 3 December the ambassador of the PRL in Tunisia, Mieczyslaw Majewski, presented his credentials to the president of Tunisia, Habib Bourguiba. The president expressed great interest in the preparations for the visit to Tunisia of the chairman of the State Council PRL, Wojciech Jaruzelski. Some matters pertaining to Polish-Tunisian relations were discussed. [Text] [Warsaw TRYBUNA LUDU in Polish 4 Dec 85 p 7] 12470/12232

CZECH SCIENTIFIC-TECHNICAL COOPERATION--Last Tuesday the deputy prime minister of CSRS, chairman of the State Committee for the Development of Technology and Investments, Jaroslaw Obzina, received the minister of mines and heavy industry, Janusz Maciejewicz, who was in Prague on a working visit. They discussed opportunities for further growth of specialization and coordination of production as well as closer scientific-technical cooperation. [Text] [Warsaw TRYBUNA LUDU in Polish 4 Dec 85 p 7] 12470/12232

GERTYCH, YOUTH REPS MEET--On 5 December Zbigniew Gertych, deputy prime minister, received representatives of the leadership of ZG ZSMP, headed by Chairman Jerzy Szmajdzinski. They submitted the general direction of the activity of ZSMP and its goals for the next couple of years. The deputy prime minister thanked the aktiv and members of ZSMP for their past work. Aleksander Kwasniewski, the minister of youth affairs, took part in the meeting. [Text] [Warsaw TRYBUNA LUDU in Polish 6 Dec 85 p 2] 12470/12232

YOUTH ORGANIZATION, JUSTICE OFFICIALS MEET--On 5 December a meeting took place between the representatives of the leadership of the Department of Justice and the ZG ZSMP with the participation of Minister L. Domerecki and Chairman ZG J. Szmajdzinski. They discussed problems of cooperation between the Justice

Department and ZSMP in the area of realization of common tasks. Particular emphasis was put on the program of educating the people in the state-laws area, which was accepted by the Political Bureau KC PZPR. In view of the emergence of many new problems demanding joint solutions, forms of cooperation were worked out for the next future and appropriate agreements were signed. [Text] [Warsaw TRYBUNA LUDU in Polish 6 Dec 85 p 2] 12470/12232

RURAL YOUTH UNION SESSION--On 3 December a regional convention of the Rural Youth Union 'Wici' took place in Kolbuszowa inaugurating the report-election ZMW camapign in the Rzeszow Province. Of the 6.5,000 members of the voivodship's youth organization the ones in Kolbuszowa region are the most active. A number of main problems bothering rural youth were discussed. Chairman of the state board ZMW Leszek Lesniak, who participated in the convention, summarized and concluded the discussions. [Text] [Warsaw TRYBUNA LUDU in Polish 6 Dec 85 p 2] 12470/12232

IRAQ FRIENDSHIP ORGANIZATION VISITS--On the invitation of the Society for Nations' Friendship and the Society for Polish-Iraq Friendship a delegation of the Society for Iraq-Polish Friendship visited in our country 29 November till 6 December. It was headed by the chairman of the organization, who at the same time is the general secretary of the Association of Iraq's journalists, Sabah Yasehem. During the meeting with the board members of the Association for Polish-Iraq Friendship, there was a discussion of realization of the agreement on cooperation between the two organizations and plans for the next few years. Members of the Iraqi delegation also held talks with MSZ, National Council PRON, ZG SD PRL at the capital's town hall. Deputy Foreign Minister Jan Majewski received the delegates. They emphasized the role of the friendship Associations in bringing about strengthening the cooperation between Poland and Iraw. The ambassador of Iraq, Himet A. Sattar Hussein, took part in the meeting. [Text] [Warsaw TRYBUNA LUDU in Polish 7-8 Dec 85 p 2] 12470/12232

MINISTER, FRG JOUNRALISTS MEET--Minister of Foreign Affairs Marian Orzechowski and the deputy minister of this department, Ernest Kurza, met with a group of West German jounralists visiting in Poland on the occasion of the 15th anniversary of signing the agreement between PRL and RFN. The host of the meeting was the chairman of the Club of International Journalism SD PRL, Marian Pokdowinski. [Text] [Warsaw TRYBUNA LUDU in Polish 9 Dec 85 p 5] 12470/12232

CSO: 2600/196

NEGLIGENCE OF PARTY ORGANS BLAMED FOR MEMBERS' TRANSGRESSIONS

Bucharest MUNCA DE PARTID in Romanian Nov 85 pp 89-90

[Article: "Grave Violations Receive Slaps On the Wrists"]

[Text] Induction into the party is an act of solemn responsibility which must be viewed as such both by party organs and organizations as well as by those requesting that induction. We draw attention again to these basic requirements because, unfortunately, there are still those who pay them no mind. This is the conclusion one draws from events that took place in the local party organization in the village of Corbu, Corbu township, Hargita county. Here, in 1983, there was a discussion about granting party membership to Sabina Cazan. This discussion should have been based, of course, on the provisions of the RCP party statutes of the central committee instructions. These provisions are--or should be--known both by those who approved the application as well as by those who forwarded it, given that no one is accepted into the party until he is well qualified and has mastered the party program and statutes.

However, as was pointed out to us in a letter sent to the editor, such was not the situation in this case. Inquiry by the county committee into the complaint established that a number of the provisions of the statutes and the instructions had been violated, but these violations were discovered well after the fact and only after the abovementioned letter had been received. For these shortcomings, Gheorghe Laurentiu, former Corbu party communal committee secretary and later Tulghes committee secretary was severely censured and removed from his posts of communal committee secretary and community mayor. Virginia Rugina, former deputy secretary for propaganda in the party communal committee was censured. Gavril Tofaleanu, former local party secretary was severely reprimanded. Viorel Surdu who made the recommendation and Viorel Goia, secretary of the community communist youth organization, were formally reprimanded. Simion Rugina, former county instructor who was responsible for supervising and directing the activities of the communal committee in question was given... a reprimand!! The documents admitting the applicant to the party were annulled.

As one can see, the punishments were very mild in some instances. The most curious case is that of Gavril Tofaleanu. He was removed from the posts of local party organization secretary and vice chairman of the Corbu Communal People's Council Executive Committee because he had falsified certain data on the documents that admitted the applicant into the party. Some people--ourselves included--have a serious question: Why after all of this was he

promoted and maintained as chairman of the Corbu Production, Purchasing and Marketing Cooperative?

The Truth Will Out

Every person has the right to draw attention to irregularities. Anyone can request the elimination of measures which violate current party or state regulations. However, one must state the facts as they are and not color the truth.

We are afraid that this is not what happened when Dobre Sovailescu from the Coltea Agricultural Production Cooperative, Rosiori township, Braila county, wrote us asking for our assistance in righting an injustice. Sovailescu claimed he had been unjustly accused and fired from the post of party committee secretary at the agricultural production cooperative. In essence he said that an audit at the cooperative had uncovered certain irregularities, that a general meeting of all members of the cooperative had been called to review the situation, that on the day the general meeting was to be held, the party committee and leadership council met in advance of that meeting and that, as luck would have it, on the same day there had been a wedding in the village, and that he had consumed several drinks there. Nonetheless, he said, he appeared at the meeting where to his amazement, he was fired because it was alleged he had written the anonymous letter that brought on the audit.

But look at what the county party committee has written us. "The decision to replace him as secretary of the agricultural cooperative committee was taken because he had arrived drunk at the joint meeting of the party committee and leadership council. This was the meeting where they were to discuss the study's findings on problems stated in the letter of complaint. When they checked into his story no one was able to confirm that he had been at the wedding. At 1900 that evening, when the meeting had been scheduled to begin, the participants awaited his arrival for an hour, until he was found and brought to the meeting in an advanced state of inebriation. There had been no discussion of his being the author of the anonymous letter."

Enough said....

A Case Which Gives Pause for Reflection

Party decisions and state laws have precise stipulations concerning the promotion to a higher position, the collective where the candidate works must be consulted. Proper regard must be given to regulations that require, among other things, that the candidate pass an examination or excel in competition for the socialist order and the needs of the people as well as proper conduct in society and so on.

But a letter has reached us from the Arad Textile Enterprise's sector II finishing section that expresses unhappiness with the promotion of Constantin Gorun to the position of foreman. This person had been expelled from the party in 1983 for theft from the public trust! Furthermore, he had been promoted without any examination or competition! Upon examination of the case, according to a report sent to us by the Arad county party committee, "the enterprise

leadership acknowledged that it had erred by not conforming to the rules in promoting this worker." In the end, the promotion was voided, the post declared vacant and an examination was announced to fill it. The case, however, still gives pause for reflection, especially about the motives that caused such important regulations to be "forgotten" by those who are responsible for their application and that caused the party organs and organizations at the enterprise to be negligent regarding this essential aspect.

Where was the Party Organization?

A letter sent from the Constantin Daicoviciu commune in Caras-Severin told us about a situation that was simply hard to believe. The chief at the calcium oxide section was D. Calina, a person of low moral character who, when he had been president of the Fishermen and Hunters' Association of Caransebes, had falsified sales receipts for hunting weapons and pocketed a certain amount of money. He also borrowed money from his subordinates and "forgot" to repay it. Another person in authority there was Aurora S. who had been expelled from the party for forgery and for accumulating an improper amount of money.

Naturally, it was decided to replace the two. But the question remains, "How is it that the party organization did not uncover this on its own?" The answer emerged from a study of the case in question. Not only had there been no heed paid to these matters, but the fact had been overlooked that for sometime this bureau had been understrength with the departure of the secretary and another member. Under such conditions, party activity was carried out in a most unsatisfactory manner. Furthermore, all of this transpired under the indulgent eyes of the party communal committee and of the cadre who over time passed through this unit. For these shortcomings, the communal party secretary was severely... reprimanded. But don't those who have the task to assist the communal committee also share in the guilt?

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SHORTCOMINGS OF POLITICAL SCHOOLS FOR YOUTH VIEWED

Zagreb VJESNIK in Serbo-Croatian 1 Dec 85 p 6

[Article by Vesna Perunicic: "Intolerable Production of Mist"]

[Text] Unfortunately, it is necessary to have something happen that is at first glance completely unrelated to the reason for the existence of political schools for youth, in order to startle us, who have been lulled by the form and routine of this type of ideological and political education, and to make us start thinking. That is what happened last spring at the "Ivo Lola Ribar" political school for youth in Belgrade.

Suddenly, when it was necessary to collect the fees, fictitious classes appeared, false lists of students whom no one had ever seen in class. They registered (or someone did it for them), and afterwards every trace of them was lost and they never dreamed of showing up there, even in order to complete the number of students. It was important to the Marxist centers that the organizers collect a sufficient number of names to fill the planned "capacities," and it appears that no one was particularly interested in how this would be done or in what would, after all, attract these individuals.

Are young people really not able to satisfy even part of their interests in political schools? This question does not arise exclusively because of the above-mentioned incident in Belgrade, but also because of the universally accepted observation that these schools are doing badly.

"All of this together is just the production of mist," noted Dragan Mojovic, an editor at the Ivo Lola Ribar Political School for Youth, who was attempting to describe the real state of affairs in the field of ideological work with young people and was not afraid of this generalization. One must begin with an analysis of the instruction programs in regular schools, in which the concept of humanistic education and the moral development of children and youth has been abandoned in favor of pragmatic and utilitarian goals. The excessively high requirements for narrow specializations do not leave room for studying subjects without which the education of a socialist person cannot take place.

Style Imposed by Ignorance

This applies primarily to philosophy, logic, history, literature, and art. In addition to the program that is thus impoverished, there is also another problem -- the teachers. Certainly the nature of the teachers' values and the style of their pedagogical work are governed to a considerable extent by their very poor and low social status. Furthermore, Mojovic says, this teaching staff has been trained for a different style of pedagogical work than is required by the modern self-managing school, and thus it is evident that the schools are resistant to new teaching methods, in the psychological-pedagogical sense. Only a few of the teachers adopt them.

The atmosphere of the school, which hinders the formation of a democratic personality, is another story. The school is a markedly authoritarian institution, as one can observe from the physical organization of the premises and the relationship between the lectern and the benches. The lectern is elevated and separated from the benches (so that one knows which place belongs to whom). Next, one can observe this from the relationship between the student and the instructor, and between the student and the program and methods. As long as schools externally resemble hospitals, barracks, and prisons, and internally there are strict rows of benches with a lectern in front of them, and as long as dictation is given in order to be copied down, schools will be an anti-self-management environment, Mojovic claims.

Under such conditions, one cannot develop a self-managing spirit and personality. Also, as long as the teaching of Marxism in schools does not explain what such an authoritarian system, strict discipline, and the method of evaluation mean for the socialist formation of the personality, it will be a dead teaching for revolutionary education, like that of St. Thomas Aquinas, i.e. anti-Marxism.

Limited programs are necessarily also impoverished ones. For example, what can one expect of students in Kosovo who for years, in the history of music, have studied one Serbian author, two Yugoslav ones, and one from elsewhere in the world, and neglected all of the other ones from Kosovo and Albania? A similar thing also happens with writers: those that are studied most are one's own, the local ones, and so the feeling that these are also the "best" arises by itself, spontaneously. This is probably also the beginning of the arousal of nationalistic feelings, whose manifestation later on we call nationalist outbreaks. Neither critical thought nor logical training in speech is taught in schools. It is easiest to do this indirectly, instead of through an exclusively Marxist education, whose one-sided orientation has even created an attitude of rejection among young people.

Mojovic asks what political schools should represent in these general circumstances, and he gives a very pessimistic answer. Young people who decide to attend a political school usually do not even understand the most elementary concepts of the sciences concerning society, politics, economics, or philosophy that would make it possible to conduct a democratic dialogue with them, which is said to be the most suitable form of work. In political schools, they not only do not know the facts that should prevail in schools, but they do not even have training in speech and democratic dialogue, which

implies tolerating different opinions and being able to have a confrontation between arguments and not personalities. Consequently, one cannot accept the criticisms of a political school (especially this one in Belgrade) becoming a school after school, since such a style has been imposed by ignorance. And necessity, as we know, even changes the law, not to mention the customary practice in ideological work with youth, which is not producing any results.

Prejudices as Consequences

This first obstacle is immediately followed by the next one -- the programs in political schools. Mojovic claims that they are imposed by people who conduct conversations with young people without communicating with them, because they are not familiar with the problems of the period of adolescence and of political and cognitive socialization. Then they use the poor response from the students for general observations like "young people are apolitical today."

Recently efforts have been made at the Ivo Lola Ribar school to promote a different kind of education, not imposing programs, but taking into account the desires and needs of young people, and dealing with the subjects more flexibly. Conversations are conducted in small groups of about 20 people regarding religion, nationalism, value orientations, and the free time of young people, all without lectures from the lectern and excessive theoretical explanations. The purpose is to find out through such a conversation what the personal and private attitude of each individual is toward drugs, religion, and Yugoslavia, what their knowledge, mistakes, and prejudices are, and why they adhere to them. When some idea of all this is more or less acquired, it is up to the organizer of political instruction to offer appropriate information, explanations, knowledge, and facts.

Interesting conclusions have been reached in the handling of the problems of national emancipation and nationalism. Young people ask about prejudices, exclusivism, tolerance, and real feelings, and the outcome of the survey, as Mojovic says, can be generalized as a result of climate and situation: young people have little or even completely insufficient knowledge about fundamental concepts like people, nation, and national and nationalistic awareness. They are not capable of recognizing characteristics and indications of such phenomena and changes, and because of all this they are burdened with great prejudices. All of this is once again the consequence of insufficient education and cultural and political isolation.

There is no emotional content of any kind, or hatred, in this, because they want to associate with people outside their own milieu, to encounter new values and cultural contents. But they are usually not allowed to do so because of their material position and the social climate that has imposed restrictions and barriers. This immobility is generally characteristic of secondary school youth and some students. Naturally, no one is born a nationalist, but rather becomes one in specific circumstances and under the influence of the people with whom he associates and has ties.

Steps in Political Education

The nationalist outbreaks from young people that we have witnessed recently are being turned into bureaucratic wrangling in public. Essentially this has to do with an outlet for some accumulated aggression and dissatisfaction with something that has happened, for very diverse reasons. Such behavior easily gets out of control and is directed, for example, against the supporters of a sports team on the other side who are from a different republic. Everything that we are inclined to label as nationalism among youth consists mainly just of occurrences of emotional destruction, Mojovic claims. The causes of this aggression are not hatred of other peoples, but rather various dissatisfactions in school, family, and society. Statistics have shown that the hatred of blacks and whites in the American South culminated in conflicts when the cotton was not growing or when prices for it were low.

From the standpoint of motivation, there is no difference between nationalist escalation, some tumultuous outbreak or conflict, and the cold, scornful view of some individual inspired by nationalism. The difference is only in the social consequences: in the first case political and administrative action is taken. For this reason one should not be one-sided in discriminating against indications and occurrences of nationalist feelings, attitudes, and conduct; instead, one should eliminate all of the circumstances that determine such feelings, attitudes, and conduct. At the same time, with respect to young people, one should make possible a genuine humanist (Marxist) education.

One could talk about the social role, significance, and reputation of political schools much longer than the newspapers will tolerate. Instead of conclusions, one can admit, even though it sounds nostalgic, that these schools are not what they once were. Perhaps they should not even become like that again in all of their aspects, but we would have cause for satisfaction if we succeeded in them in combining the former seriousness and interest of the students with a modern approach and current topics. There would certainly be an effect, and our interlocutor Dragan Mojovic would not be able to assert from such an authoritative position that the present situation in political education is really the production of mist.

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